



Jiang Zemin of China visiting with Cary Qualls, a Boeing assembly line worker, and his two children in Everett, Washington.

2 Leaders + 1 Factory = 1 Dilemma

International Herald Tribune
SEATTLE — They were two traveling salesmen, and their pitches were familiar ones. Only now, all of Asia and much of the rest of the world was watching intently. President Bill Clinton wanted to sell Boeing aircraft abroad, he told a cheering crowd of workers and Seattle residents. Later, at the same huge Boeing factory, President Jiang Zemin of China said he wanted to sell the United States on dropping human rights as a condition for maintaining China's favorable trading status. If so, more Boeings would lift off for Beijing.

The stakes for Boeing are, therefore, very high. At the APEC meeting, the company has become the symbol of Washington's dilemma: their summit meeting during the annual gathering of the Asia-Pacific Economic Cooperation forum.

Boeing, the biggest exporter in the United States, has sold about 200 passenger aircraft to China in the past two decades and is reportedly fighting to hold onto its better-than-half market share against Airbus Industrie, the European consortium. China bought one of every six planes made last year by Boeing here, and the company reportedly believes that China's fast-growing economy will require 800 more aircraft in the next 15 years.

NAFTA Sets 'Downscale' Americans Against President

By Thomas B. Edsall
Washington Post Service
WASHINGTON — The battle to win House approval of the North American Free Trade Agreement appears likely to strengthen a growing force in the U.S. electorate of disaffected, angry voters, many of whom face diminished economic prospects.

Those against the agreement made an ideologically chaotic group: from the columnist Patrick J. Buchanan, on the right, to the Texan billionaire Ross Perot, in an undefined center, to Ralph Nader, on the consumer movement's left. Individuals and groups associated with the liberal wing of the Democratic Party, particularly organized labor, were the dominant forces, and some of the leaders of this wing are declaring their commitment to continue to challenge, if not break with, the Clinton administration.

The discontent and despair of "downscale America, blue-collar America, feeling left behind and unrepresented, blew up in NAFTA," Mr. Clinton's pollster, Stanley Greenberg, said. He argued that administration plans to press for health care, unemployment compensation reform and job retraining legislation would help restore support for the president. But he added, "one has to take seriously the alienated segments of the American polity. It will find other outlets."

Bloodless Nigeria Coup Raises Prospect of Bloody Ethnic Strife

By John Darnott
New York Times Service
LONDON — With the generals once again in open and absolute command, Nigeria is facing the prospect of economic chaos, political upheaval and perhaps even conflict between its two ethnic groups, the politically dominant Hausas in the north and the restive Yorubas in the southwest.

Some Nigerians, diplomats and foreign experts believe that the crisis is more dire than at any time since 1967, when the Biafra region in the east tried to split away, plunging the country into three years of civil war in which up to a million people died.

The current crisis has been caused by a military regime that planned for six years to return to civilian rule and then abruptly reneged on the promise after presidential elections in June. Amid street protests, the military leader, General Ibrahim Babangida, handed power over to a transitional government nominally headed by a civilian.

Nigeria's politicized military. He helped to engineer the coup that overthrew the last civilian government, in December 1983, and another one that brought General Babangida to power in 1985.

Others pronounced General Babangida as discredited and finished. Both military leaders are Muslims from the Hausa-speaking north, which has traditionally produced top officers and has dominated politics in the country of 90 million people. By contrast, Moshood K.O. Abacha, the man who

A Showdown in Rome

Mafia Boss and a 'Finger' Share a Courtroom
By Alan Cowell
New York Times Service
ROME — There they sat in court Friday, side by side, the mobster and the link, with no more between them than a real life of hate that made the novel and film "The Godfather" seem gentle.



Police escorting Salvatore Riina, the Mafia boss, from court on Friday as plainclothesmen shielded Tommaso Buscetta from view.

Looking to Asia for Growth, Clinton Vows to Open Markets

APEC Prods Europeans on Trade In Promise to Cut Nonfarm Tariffs

By Paul F. Horvitz
International Herald Tribune
SEATTLE — Standing at America's export gateway to the Orient, President Bill Clinton vowed Friday to press vigorously for open markets in Asia and Latin America as a spur to global economic growth and an expansion of jobs in the United States.

Mr. Clinton restated his intention to raise issues of human rights abuses and weapons proliferation with the Chinese. But his goal, he said, was to put Chinese-American relations "on a more constructive path."

At the same time, the members of the Asia-Pacific Economic Cooperation group, which includes the United States, strongly urged a rapid completion of global trade liberalization talks under the Uruguay Round.

Asian nations are anxious to see Beijing and Washington on friendly terms. The meeting between Mr. Clinton and Mr. Jiang was the first such high-level encounter between the two countries since the Chinese crackdown on democracy protests in June 1989.

Backing up their declaration, they challenged Europe by pledging to reduce substantially tariffs on seven nonfarm products. At the urging of the United States, the 17 member nations of APEC also endorsed the Blair House accord on reducing government subsidies for agricultural commodities, to which French farmers angrily object.

Mr. Clinton said the United States would not accept a "flawed" agreement coming out of the global trade talks in Geneva. But in a message to his American audience, he called the completion of a General Agreement on Tariffs and Trade by the Dec. 15 deadline "the answer to 20 years of stagnation in wages for the hard-working middle class."

He said completion of the Uruguay Round of GATT would add \$5 trillion to the world economy in the next decade.

Mr. Clinton said that Washington's aim was to "invigorate" APEC through "combined partnership."

Kiosk

Packwood Weighs Leaving the Senate

WASHINGTON (Reuters) — Senator Bob Packwood of Oregon, accused of sexual misconduct, is considering whether to resign, his lawyer said Friday.

"The senator has not resigned," said the lawyer, James Fitzpatrick. "The matter is currently under consideration." A Portland, Oregon, television station had reported earlier that Mr. Packwood, a Republican, had decided to resign under the pressure of allegations that he had forced his attentions on numerous women during his 20 years in Congress.

American Pilots Bar Strike

American Airlines pilots voted Friday not to join flight attendants on strike. The biggest U.S. airline strike in nearly five years, it was timed to coincide with the Thanksgiving holidays.

Earlier article, Page 2.

Dow Jones	Trib Index
Up 8.67	Down 0.78%
3,694.01	109.49

The Dollar

	Ft. value	previous close
Dfl	1.7143	1.7132
Pound	1.4735	1.4765
Yen	108.495	107.285
FF	5.9415	5.9325

Andorra	9.00 FF	Luxembourg	40 L Fr
Antilles <td>11.20 FF</td> <td>Morocco<td>12 Dh</td></td>	11.20 FF	Morocco <td>12 Dh</td>	12 Dh
Armenia <td>8.00 FF</td> <td>Oman<td>8.00 Rials</td></td>	8.00 FF	Oman <td>8.00 Rials</td>	8.00 Rials
Caribbean <td>700 CFA</td> <td>Reunion<td>11.20 FF</td></td>	700 CFA	Reunion <td>11.20 FF</td>	11.20 FF
Egypt <td>8.00 FF</td> <td>Saudi Arabia<td>7.00 R</td></td>	8.00 FF	Saudi Arabia <td>7.00 R</td>	7.00 R
France <td>9.00 FF</td> <td>Senegal<td>490 CFA</td></td>	9.00 FF	Senegal <td>490 CFA</td>	490 CFA
Germany <td>480 CFA</td> <td>Spain<td>200 PTAS</td></td>	480 CFA	Spain <td>200 PTAS</td>	200 PTAS
Greece <td>280 Dr</td> <td>Turkey<td>1,000 Liras</td></td>	280 Dr	Turkey <td>1,000 Liras</td>	1,000 Liras
Ivory Coast <td>560 CFA</td> <td>U.A.E.<td>8.50 Dirh</td></td>	560 CFA	U.A.E. <td>8.50 Dirh</td>	8.50 Dirh
Jordan <td>1 JD</td> <td>U.S. Mil. (Eur.)<td>\$1.10</td></td>	1 JD	U.S. Mil. (Eur.) <td>\$1.10</td>	\$1.10
Lebanon <td>1,500 L</td> <td></td> <td></td>	1,500 L		

On Page 5
U.S. will allow the sale of a supercomputer in a sign of goodwill toward Beijing. East Asia fears the economic fallout from any sanctions against China. Beijing leader pledged an active role in curbing nuclear fears over North Korea.

refused to make any comment until after the talks. Heads of state and government from nearly a dozen Asian nations gathered in Seattle for the APEC meeting. The gathering concludes Saturday with an informal retreat on an island near Seattle.

The APEC nations are the United States, Canada, Japan, China, South Korea, Hong Kong, Singapore, Malaysia, Indonesia, Brunei, Thailand, Australia, New Zealand, the Philippines, Taiwan, Mexico and Papua New Guinea. In their declaration on world trade, the

See CLINTON, Page 5

A Nonstarter in Seattle: 'Asian-Pacific Community'

International Herald Tribune
SEATTLE — Trade and foreign ministers of the 17-nation Asia-Pacific Economic Cooperation group closed their annual meeting Friday after effectively rejecting a long-term vision of an Asian economic "community."

aim was to "invigorate" APEC through "combined partnership."

These divisions reflected strongly held concerns among some of the smaller nations of East Asia that their larger partners, including the United States, could dominate any Asia-wide trading group created in the future. The Association for South East Asian Nations, whose six members are also members of APEC, were particularly fearful of forming anything resembling a trade negotiating body.

Reflecting their concern about the future course of the organization, the ministers decided to admit Chile to their ranks next year but to impose a three-year moratorium on new members. Some ministers said this was necessary to allow the young organization to consolidate.

EC Negotiator Is Sure Of Accord on GATT

Reuters
GENEVA — The European Community's chief trade negotiator said Friday he was certain that a new world trade treaty could be completed by a mid-December deadline, despite the refusal of major trading nations to compromise on their negotiating positions.

"I don't think the essential nature of APEC will change as a result of this meeting," said T.H. Chau, Hong Kong's trade and industry secretary. To date, APEC has been a loose-knit consultative body that Washington, among others, had hoped to move more rapidly toward a structured free-trade group.

السلامة

Herald INTERNATIONAL Tribune

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In This Turn to Asia, a Creaking of History

By Stephen S. Rosenfeld

WASHINGTON — With the summit of 15 Pacific Rim countries in Seattle, President Bill Clinton audaciously positions the United States for a fateful post-Cold War turn from Europe to Asia, from preoccupation with security to pursuit of economic advantage.

America is certainly not quitting Europe; but it is helping Europe concentrate its attention.

Not that the United States is quitting Europe. From the president on down, American officials insist that it is not. The Atlantic alliance wobbles but holds, unshaken from the Soviet Union but now quietly rejoining Russia. Somehow to Asia's regret, it appears, the American vision of the world

considerations energizes a potent lobby to condition trade. It was tough enough for the United States to jump these hurdles with Mexico. Now comes the far tougher case of China, whose complexities feed a running American argument over how to blend cooperation and challenge.

It is an argument the United States cannot afford to escape. The size of the stakes makes it so. At issue is nothing less than the widening and deepening of the liberal trading system that has brought unprecedented though inconsistent prosperity to large swaths of the world for the two generations since World War II. Widening means extending the ranks of free-traders. Deepening means somehow carving better for the industries, regions and workers chafed up by a creative but cruel global economy.

NAFTA: Only a First Step

A neophyte watching the House of Representatives vote on the North American Free Trade Agreement could be excused for thinking that President Bill Clinton was the leader of the Democratic Party. Supported by a minority of the Republican Party, but however odd the coalition — 132 Republicans and only 102 Democrats — Mr. Clinton won a small economic and huge political victory in pushing NAFTA through the House.

NAFTA will open Mexico's borders to more U.S. exports and investment, a worthwhile achievement. And the NAFTA win empowers Mr. Clinton to complete the more important Uruguay Round of international trade talks. The vote also tells Congress that the White House knows how to play tough, which should make health care and welfare reform a bit easier to achieve.

A Fresh Start for Japan

It is not only President Bill Clinton who has been living dangerously this week. Japan's prime minister, Morihiro Hosokawa, has just won the crucial votes on a tremendous package of electoral reforms that will fundamentally change the character of Japanese politics. It was not easy. Mr. Hosokawa heads a coalition of seven parties with only one thing in common — that none of them is the Liberal Democratic Party, long dominant but now discredited by a succession of gross scandals.

More Than a Handshake

President Bill Clinton's meeting with Pacific heads of government gives him a superb opportunity to end one of the oddest and most painful diplomatic anomalies of the Cold War: the 10-year chill between the United States and New Zealand, two countries that by all rights should be the warmest of friends.

Other Comment

Don't Stretch APEC Too Far

The Asia-Pacific Economic Cooperation meeting in Seattle (comes) at a time when global trade negotiations under GATT, already two years behind schedule, have yet to surmount major obstacles toward agreement.

did not, as environmentalists feared, ease restrictions on pesticides.

With NAFTA won, Mr. Clinton can now move on to the Uruguay Round, which must be negotiated by Dec. 15 to meet a congressional deadline. Under the draft accord, tariffs and other trade barriers on food, services, foreign investment and copyright materials would come tumbling down — each of which would help the U.S. economy.

In Seattle, Remember The People

NEW YORK — Billions to buy congressional votes and a fist in the face to American labor — after less than a year in office, that is what Clinton idealism came down to in the NAFTA debate.

Cuba's Long Road to Reform

Cuba is giving some signs of adapting its economy to the new world situation. Clearly, the road the Cubans must follow to insert their country competitively into world markets is a long and difficult one, not only because of the lack of adequate structures but because of the "economic culture" of the officials implementing the process.

In Seattle, Remember The People

By A. M. Rosenthal

NEW YORK — Billions to buy congressional votes and a fist in the face to American labor — after less than a year in office, that is what Clinton idealism came down to in the NAFTA debate.



A Leaner New Zealand Looks North

By Bryce Harland

LONDON — New Zealand voters want to slow the pace of change in their country, judging by results of last Saturday's elections. They kept the conservative National Party of Prime Minister Jim Bolger in power, but with an overall majority of only one seat.

Without Faith, No Meaning

By C. G. Jung

ZURICH — When you study the mental history of the world, you see that people since times immemorial had a general teaching or doctrine about the wholeness of the world.

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1893: A Vexed Anarchist
PARIS — The Marseilles police continues to make judicial searches at the residences of all the known Anarchists of the town. It appears that Mme. de Saint-Kery, the Anarchist who was arrested a few days ago, is quite insane. Her statements and ideas are such as would not be likely to be expressed by a person with the faculty of reason. She wrote to the station-master at Marseilles saying: "If they make me pay for my ticket in future when I travel I shall blow up the station." Mild resentment of an annoying imposition!

1918: 'Maréchal Pétain'
PARIS — Verdun's defender, General Pétain, the Commander-in-Chief of the French Armies, was elevated yesterday (Nov. 19) to the dignity of "Maréchal de France." Every "petite" will rejoice at this news, for Pétain has always been the friend of the soldier. The present high standard of the French Army, which has enabled his soldiers to gain such an overwhelming victory over the Germans, is entirely due to his great efforts since May 17, 1917, when he took over the supreme command, succeeding General Nivelle.

1943: Fascist Is Freed
LONDON — [From our New York edition] The pre-war British Fascist leader, Sir Oswald Mosley, and his wife were released secretly from Holloway prison before dawn today (Nov. 20) and taken into seclusion as nation-wide protests increased. The Mosleys were reported to be in an Oxfordshire hamlet tonight, protected from the hue and cry against the government's decision to free them on the ground of Sir Oswald's general debility and phlebitis. Orators at street-corner rallies demanded today: "What are we fighting against? — phlebitis or Fascism?" Mosley's second wedding in 1936, was attended by the Fuehrer Adolf Hitler.

The Tenacity And Passion Are Needed

By Anthony Lewis

NEW YORK — The last week may have been the turning point for a flagging presidency. It can be if Bill Clinton acts on the lessons of his two triumphs in that week.

The NAFTA vote in the House was the second President Bill Clinton showed that he could work the political system to overcome the odds and win a tough one: win big. He trumpeted the strange collection of Yesterday's Men who thought they had him beat: Ross Perot, Lane Kirkland, Patrick Buchanan, Ralph Nader et al.

Mr. Clinton's first triumph was a speech last Saturday at the Church of God in Christ, in Memphis. What he did there was in its way as surprising as the winning effort on NAFTA.

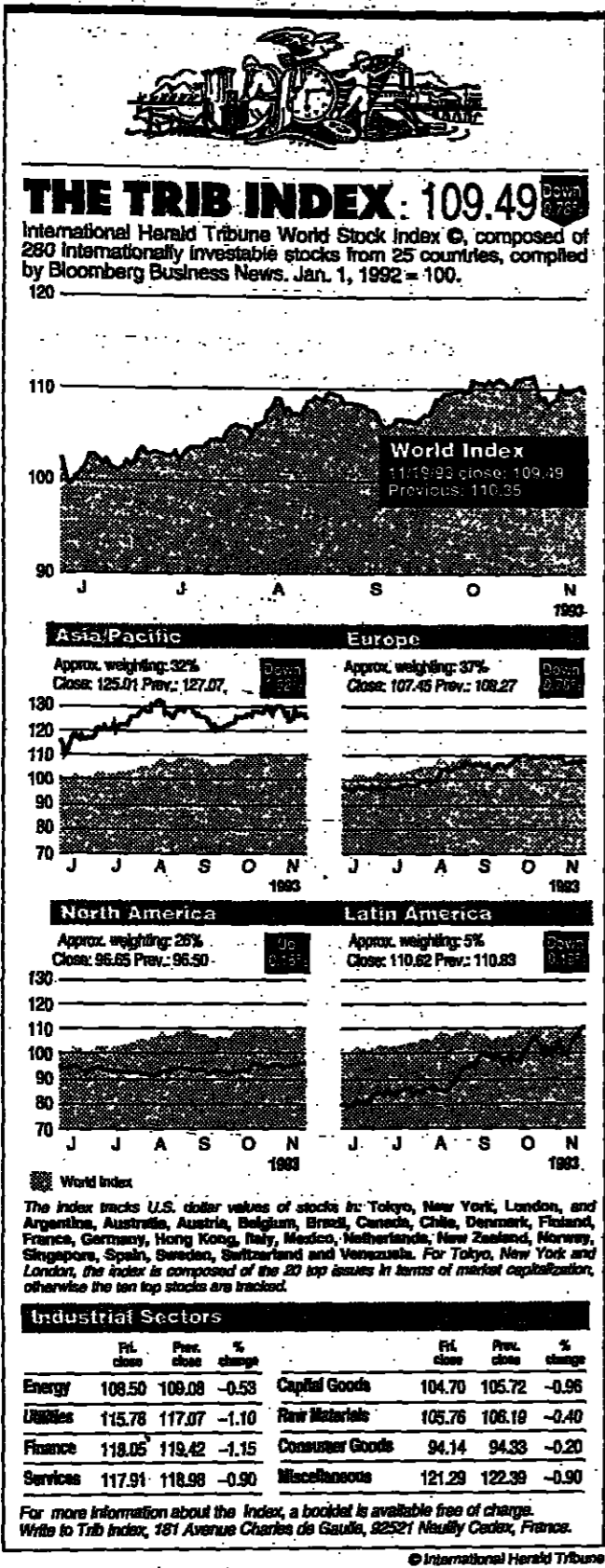
Too often before now Mr. Clinton has backed away from declared positions. There was a widespread belief in Washington that if you made something difficult for him, he would cave. In politics that perception is disabling. Mr. Clinton will have dispelled it if he follows up his NAFTA performance with resolve on other issues.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: A Vexed Anarchist
PARIS — The Marseilles police continues to make judicial searches at the residences of all the known Anarchists of the town. It appears that Mme. de Saint-Kery, the Anarchist who was arrested a few days ago, is quite insane. Her statements and ideas are such as would not be likely to be expressed by a person with the faculty of reason.

BUNNAC

International Herald Tribune, Saturday-Sunday, November 20-21, 1993



Tiphook To Sell Container Division

Bloomberg Business News

NEW YORK — Tiphook PLC, the troubled British ship container company, said Friday it had agreed to sell its ship container division to Transamerica Corp. for \$280 million (\$1.3 billion).

The sale would vault Transamerica into a virtual tie with General Electric Co.'s Genstar division as the world's largest ship container company.

It also would leave Tiphook a far smaller transport company, dependent on rail car and truck trailer operations that had losses last year. Tiphook also would still be saddled with heavy debt.

"The sale, if it goes ahead, rips the heart out of the company," said Andrew Durr, an analyst with William De Broe in London.

Tiphook, whose ship container fleet is second only to GE's, would still have debt of \$300 million. Its three series of publicly traded bonds in the United States, which total \$700 million, cannot be called by the company until they mature.

But investors appeared to shrug off such concerns, as news of the transaction sent Tiphook's stocks and bonds soaring.

In New York trading, Tiphook American depositary receipts soared \$1.25 to close at \$2.875. Its bonds surged as well, with 7 1/2 percent bonds due in 1998 trading at about \$80 per \$1,000 bond, up from \$60 on Thursday.

As Tiphook's financial problems grew in recent weeks, the company's stock tumbled 86 percent and its bonds dropped 40 percent. Its troubles worsened when it paid high prices for ship containers as the European market declined, and when it announced in early October that it expected to report a loss for the six months to Oct. 31.

Transamerica, the San Francisco finance company with revenue of \$3 billion in 1992, will pay \$771 million in cash for the division and assume up to \$119 million in debt. Both companies said the transaction was complete.

Casting the EC Currency New Institute's Role Looms Ever Larger

By Brandon Mitchener
International Herald Tribune

FRANKFURT — The European Monetary Institute, the forerunner of a European central bank that is scheduled to begin operations Jan. 1, may become far more important than is currently expected, French, German and British officials said Friday.

When it came to describing what the institute should do, however, the officials disagreed on several key points. French Economics Minister Edmond Alphandery said he envisaged a powerful entity with growing central authority, but central bankers from Germany and Britain expressed reservations.

"The second stage of European monetary union may yet assume greater importance than originally foreseen," Hans Tietmeyer, president of the Deutsche Bundesbank, said at a banking convention here. The unforeseen freedom of movement among European currencies brought about by repeated crises "may give a new quality to the cooperation among central banks in the context of the EMI," he said.

Before the institute can harmonize "the instruments and aggregates" of European monetary policy, however, "it's necessary to have fundamental debate on the concept" of monetary policy, he said. The central bank of Germany currently tracks a long-term indicator, while British authorities use a short-term one, he noted.

Eddie George, governor of the Bank of England, in turn warned that the institute "would be extremely unwise to try to force everybody into a common mode." The economic convergence that is the prerequisite for monetary union this decade will largely emerge on its own, if at all, he said.

The institute will not officially conduct a monetary policy of its own but will be responsible for making sure Europe's economies converge before their currencies merge. The Maastricht treaty on European economic and political integration foresees a common currency by 1997 at the earliest and 1999 at the latest.

Britain and Italy suspended their currencies from participation in the exchange-rate mechanism of the European Monetary System in September 1992, and the bands within which currencies may fluctuate were widened to 15 percent either side of a central rate in July of this year.

Mr. Alphandery's comments echoed a statement last week by Alexandre Lamfalussy, the institute's designated president, who told the European Parliament that the institute could reach its ambitious goal only if it acted like a central bank before the change took place.

The institute "can and will play the part not only of an honest broker between the national side," said Mr. Tietmeyer.

U.S. Cites Asia As Trade Deficit Widens Again

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. deficit widened in September, largely because imports from Japan and China outpaced sales of American goods to those countries, the government said Friday.

Treasury Secretary Lloyd Bentsen, reacting to the figures, said that China had been "quite restrictive" on imports even though its economy had been "exploding" with growth.

Mr. Bentsen said President Bill Clinton would press leaders of Japan and China to take action to reduce their trade surpluses with the United States during talks this weekend at the Asia-Pacific Economic Cooperation forum in Seattle. Mr. Bentsen also said he expected to go to China early next year.

The overall U.S. trade deficit grew 8.6 percent in September, to \$10.89 billion, the biggest deficit in three months, from a revised \$10.05 billion in August, the Commerce Department reported. The deficit with Japan grew to \$3.32 billion from \$3.26 billion, and the deficit with China widened to \$2.51 billion from \$2.43 billion.

Mr. Clinton will urge Japan to spur its weak economy so that Japanese consumers can buy more U.S. goods. Japanese leaders are expected to say they are considering a tax cut to put more money in the pockets of consumers. (Page 13)

For the first time in 30 months, the United States also had a trade deficit with Mexico in September, the report said.

The deficit, of \$101.1 million, followed a \$110 million trade surplus with Mexico in August and was the first U.S. deficit with Mexico since March 1991.

The appearance of a deficit with Mexico will not prevent the administration from pushing the North American Free Trade Agreement through the Senate, Mr. Bentsen said. Opponents of the agreement, which passed what had been considered its most difficult legislative test, in the House of Representatives, on Wednesday night, say that eliminating trade barriers between the United States and Mexico would allow Mexican goods to flood U.S. markets.

"Exports have not taken off yet," Steve Cooney, director of international investment and finance for the National Association of Manufacturers, said in commenting on the overall U.S. trade performance.

One reason is the sluggishness of economies in Japan and Europe. Consumers in those nations are buying fewer U.S. products because of hard times at home, while Americans are becoming able to buy more imported goods.

Commerce Secretary Ronald H. Brown said the United States had bought a record amount of goods from China in September and that imports from Japan in the month were the second-highest ever.

"In fact, our imports from the Asian-Pacific countries whose leaders are gathered in Seattle constitute slightly over 60 percent of all our imports," Mr. Brown said.

For the first nine months of 1993, the U.S. trade deficit came to \$88 billion.

"I think this year's trade deficit will be lucky to get below \$120 billion," Mr. Cooney said.

GATT Partners Worry About NAFTA

Compiled by Our Staff From Dispatches

GENEVA — President Bill Clinton made no deals with U.S. lawmakers to help win a congressional NAFTA vote that would underwrite a decision of the GATT world trade talks, a senior U.S. trade negotiator said Friday.

But European Community and Indian envoys said they feared that a reported shift in Washington's stance over textiles, aimed at appeasing a bloc of congressmen in the run-up to Wednesday night's NAFTA vote, could be troublesome for the global trade negotiations.

Some countries were concerned that Mr. Clinton had made costly concessions to secure his victory for the North American Free Trade Agreement in the House of Representatives.

They feared that any promises by the president to raise new barriers to imports could disrupt the trade talks under the Geneva-based General Agreement on Tariffs and Trade.

Asked if those worries were founded, John Schmidt, chief U.S. negotiator for the Uruguay Round, said "No."

The U.S. negotiator said Mr. Clinton had been careful to avoid cutting any NAFTA deals that could tie his hands at the GATT talks, which aim to lower barriers to trade in areas ranging from agriculture to financial services.

"There's absolutely nothing that was agreed to that has any significant effect on our negotiating flexibility," Mr. Schmidt said.

But India's ambassador to GATT, Balkrishnan Zutshi, said reports that Washington would support a more gradual tearing down of barriers to textiles trade "was a worrying development from our point of view."

Meanwhile, U.S. and EC negotiators met privately to iron out key differences amid a sudden surge of public optimism that, because of the approval of the NAFTA accord, the world trade talks will be concluded by Dec. 15.

Friday's meeting was seen as vital to preparing the ground for a meeting to be held in Washington on Monday between the U.S. trade representative, Mickey Kantor, and the EC trade commissioner, Sir Leon Brittan.

The chief EC negotiator at the meeting Friday, Hugo Paeman, said the Community had made some proposals to break the deadlock over the so-called Blair House agreement, which has been rejected by France.

But in Seattle on Friday, the U.S. secretary of state, Warren Christopher, said the Clinton administration would not renegotiate the accord, which restricts subsidies for, and the production of, cereals in the Community.

ECONOMIC SCENE

Trade: It's Not Like Football

By Peter Passell
New York Times Service

NEW YORK — Where you stand on the free-trade agreement, President Bill Clinton told America, is all about hope and fear — hope that U.S. industry can compete in world markets, fear that it can't.

That struck many as good political oratory, perhaps good enough to tip the balance on the vote. What red-blooded member of Congress, after all, would suggest that Americans couldn't play in the big leagues?

But the idea of trade as the moral equivalent of football makes most economists uncomfortable. And it is downright misleading to Paul Krugman of the Massachusetts Institute of Technology, whose own research, he acknowledges, has provided an intellectual rationale for those who portray international commerce as a competition in which "their" gain is "our" loss.

"People who really know economics have lost control of the educated discourse," he glumly concludes.

The core belief of free-market economics is that competition transforms selfish behavior into the common good.

But competition between economies with different currencies has no real meaning.

Toyota, for example, may or may not make sturdier, more reliable cars in Japan than Renault makes in France. And at current exchange rates, Toyota may or may not be able to sell cars profitably in France for fewer francs than Renault can.

But in the end, French exports must equal French imports, unless foreigners are willing to hold French IOUs indefinitely.

That is not quite the whole story. If an economy is lucky enough to specialize in exports that the world particularly values, the foreign currency it earns will buy more imports.

And if, for example, there is room in the world market for only one low-cost producer of computer microprocessors, being first in the market with a decent product may generate a financial windfall that will not be blown away by competition.

Still, Mr. Krugman calculates that changes in America's terms of trade — how much its export earnings will buy abroad — have accounted for a trivial percentage

Fiat Issues Get Mediocre Reception

Compiled by Our Staff From Dispatches

MILAN — A pair of capital-raising exercises by Fiat SpA had mediocre results, the automaker and stock dealers said Friday.

Underwriters had to absorb the majority of the Rinascenza SpA shares the automaker was trying to sell to its shareholders. Fiat said. At the same time, some holders, notably foreign investors, turned down the chance to buy more Fiat shares in a rights issue, dealers said.

Fiat announced in September that it would sell its entire stake in the Rinascenza department store chain, offering its shareholders the four Rinascenza shares for every 100 Fiat shares held.

But Fiat announced Friday that its shareholders had taken up only 40 percent of the Rinascenza shares offered. Of the 91.54 million shares, 36.87 million were taken by holders, with the rest bought by the underwriters led by Mediobanca.

Fiat was offering its 58 percent holding in the retailer at 9,500 lire (\$2.68) a share.

Separately, dealers said a Fiat rights issue that ended Tuesday had been only 90 to 95 percent taken up.

Fiat has not released results of the rights issue, under which two additional ordinary, preference or savings shares were offered at 2,000 lire each for every three shares of each category already held.

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CURRENCY & INTEREST RATES

Cross Rates		Eurocurrency Deposits		Nov. 19	
Amsterdam	1.925	2.80	1.24	0.02	0.14
Bremen	3.30	3.00	1.10	0.02	0.14
Frankfurt	1.735	2.20	0.80	0.02	0.14
London (€)	1.675	2.20	0.80	0.02	0.14
Madrid	16.80	16.80	16.80	16.80	16.80
Paris	6.55	6.55	6.55	6.55	6.55
Porto	207.00	207.00	207.00	207.00	207.00
Toronto	1.37	1.37	1.37	1.37	1.37
Zurich	1.48	1.48	1.48	1.48	1.48
1 ECU	1.636	1.636	1.636	1.636	1.636

Key Money Rates		Nov. 19	
3-month	5.75	5.75	5.75
6-month	6.00	6.00	6.00
9-month	6.25	6.25	6.25
12-month	6.50	6.50	6.50

Forward Rates		Nov. 19	
30-day	1.07	1.07	1.07
60-day	1.08	1.08	1.08
90-day	1.09	1.09	1.09
180-day	1.10	1.10	1.10

MARKET DIARY

Blue-Chips Rally, Broad Market Falls

Compiled by Our Staff From Dispatches
NEW YORK — Heavy buying of blue-chip companies brought the Dow Jones industrial average into positive territory late Friday, but the broader market finished lower amid worries about interest rates.

N.Y. Stocks

minus column, although the blue-chip average recovered in the closing minutes as buy orders tied to the monthly expiration of options contracts hit the market.

The industrial average rose 8.67 points to 3,694.01. But declining issues outnumbered advances by about a 5-to-3 ratio on the New York Stock Exchange.

Selling in the bond market set the course for stocks for much of the day. The price of the 30-year U.S. Treasury bond lost \$12.50 for each \$1,000 face amount, pushing its yield up to 6.34 percent.

Rising interest rates have caused concern among stock-market analysts that the flow of funds into

equities will recede. Low returns on interest-bearing investments have steered money into the stock market, helping it sustain a lengthy advance.

But with signs of economic growth in the United States multiplying, bond investors have become nervous. Stronger growth raises the risk of inflation, which erodes the value of fixed-income investments such as most bonds.

Any concern over inflation on the Federal Reserve's part had not shown up in the deliberations of the Fed's policy-making Open Market Committee by Sept. 21, according to minutes of that meeting released on Friday. The minutes showed that the central bank maintained its policy of trying to keep interest rates steady.

In Friday trading, Dow industrials led a month earlier, abandoning its previous tendency to favor rising interest rates to curb inflation.

In Friday trading, Dow industrials, lead gains in Minnesota Mining & Manufacturing, Aluminum Co. of America and Chevron offset losses in United Technologies, Sears Roebuck and International Business Machines.

The dollar had come under slight pressure early in the session after the Commerce Department reported that the U.S. trade deficit widened in September, but the effect was short-lived.

Against other currencies, the dollar rose to close at 5.9415 French francs from 5.9325 and to 1.5049 Swiss francs from 1.5042.

The pound softened to \$1.4735 from \$1.4765. The dollar advanced to 108.495 yen, up from a close on Thursday at 107.285, while it advanced to 1.7143 DM from 1.7132 DM. It had jumped as high as 1.7192 DM, its highest level since Aug. 13, in the course of the session.

"People think the U.S. will get what it wants — free trade and economic stimulus in Japan," said David De Rosa, a foreign exchange trader at Swiss Bank Corp.

"People think the U.S. is more interested in spurring growth in Japan than talking up the value of the yen right now," said John Hardy, managing director at Interac Investments.

"Dealers here and hedge funds are looking to push the dollar up to test the key psychological level at 110 [yen]," said a dealer at the Industrial Bank of Japan. Still, he said, some Japanese exporters are "convinced that 110 is the near-term top" and are selling dollars.

"It's a bit like a tug of war," he said.

The dollar advanced to a 14-week high against the Deutsche mark as U.S. interest rates firmed.

and as many dealers continued to expect the Bundesbank to lower its key rates once again before the end of the year.

The U.S. currency shot ahead to close at 108.495 yen, up from a close on Thursday at 107.285, while it advanced to 1.7143 DM from 1.7132 DM. It had jumped as high as 1.7192 DM, its highest level since Aug. 13, in the course of the session.



Vol. High Low Last Chg.

Table of NYSE Most Active stocks including IBM, Microsoft, and Intel with their respective volume, high, low, and change.

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Class Prev.

Table of NYSE Diary showing various market indicators and their previous values.

Class Prev.

Table of Amex Diary showing various market indicators and their previous values.

Class Prev.

Table of NASDAQ Diary showing various market indicators and their previous values.

Dow Jones Averages

Table showing Dow Jones Averages for Industrial, Composite, and Utility indices with their respective high, low, and change.

Standard & Poor's Indexes

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N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading for various stocks including IBM, Microsoft, and Intel.

S&P 100 Index Options

Table showing S&P 100 Index Options for various strikes and expirations.

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EUROPEAN FUTURES

Table showing European Futures for various commodities including Gold, Silver, and Copper.

Stock Indexes

Table showing Stock Indexes for various European markets including London, Frankfurt, and Zurich.

Metals

Table showing Metals prices for various commodities including Aluminum, Zinc, and Lead.

Financial

Table showing Financial futures for various instruments including Treasury bonds and interest rate futures.

Spot Commodities

Table showing Spot Commodities prices for various goods including Wheat, Soybeans, and Corn.

Dividends

Table showing Dividends for various stocks including IBM, Microsoft, and Intel.

U.S. FUTURES

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Livestock

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Table showing Commodity Indexes for various groups of commodities including Energy, Metals, and Grains.

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U.S./AT THE CLOSE

P&G Buys Into Russia Detergent Plant
CINCINNATI (Combined Dispatches) — Procter & Gamble Co. said Friday it was buying a 14 percent interest in PO Novomoskovsk, Russia's largest detergent plant, which it hoped to expand to a majority stake.

AT&T to Boost Prices on Some Calls
NEW YORK (APX) — American Telephone & Telegraph Co. said Friday it would increase prices on certain domestic and international long-distance phone calls, which will produce a net annual benefit of about \$336 million.

Jordan Tees Up Own Golf Company
CHICAGO (UPI) — Michael Jordan, the retired NBA superstar, was to unveil plans Friday to create a nationwide chain of family-oriented Michael Jordan Golf Center recreation facilities.

Hewlett-Packard Plans Big Buyback
PALO ALTO, California (UPI) — Hewlett-Packard Co.'s board authorized Friday spending \$300 million for open-market repurchase of the company's stock, after the computer-maker posted sharply improved earnings this week.

Saatchi Loses Helene Curtis Account
NEW YORK (AP) — Saatchi & Saatchi Advertising Worldwide and Helene Curtis Industries Inc. said Friday they were splitting up after 10 years, putting \$80 million in advertising for four personal-care products up for grabs.

For the Record
Nynex Corp., the regional telecommunications giant, completed its \$1.2 billion investment Friday in Viacom Inc., which is trying to acquire Paramount Communications Inc. for \$9.7 billion.

WORLD STOCK MARKETS

Agency France Press Nov. 19

Large table showing World Stock Markets with columns for various cities (Amsterdam, Brussels, Frankfurt, London, etc.) and their respective stock indices and changes.

BANKERS: New EC Institute Seen Playing Key Role

Continued from Page 9
Central banks but also that of a provider of ideas and initiatives," he said at his confirmation hearing.

meier took a more narrow view and said that it should be a mandate merely to "liberalize" its use.

The Ecu "has advantages, but it has — compared with some national currencies — some disadvantages," Mr. Tiemeyer said.

The three leaders also had differing opinions about the likelihood that national currencies would be replaced by a common currency by 1997, the earliest date envisioned by the Maastricht Treaty.

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Balladur Reportedly Assures Stockholm On Renault Sell-Off

Compiled by Our Staff From Dispatches
PARIS — Hoping to ease the fears of Volvo AB shareholders over a proposed merger with Renault SA, Prime Minister Edouard Balladur has reportedly assured the Swedish government that France will rapidly privatize the state-owned automaker.

The merger would create Europe's third-largest automaker, after Volkswagen AG and General Motors Corp.'s European operations.

Under the agreement, the French state would initially have a 65 percent interest in Renault-Volvo, compared with 35 percent for Volvo. After Renault is privatized, plans call for Renault and Volvo to have equal stakes in the merged company.

The accord, to be voted on by Volvo shareholders Dec. 7, allows the French state to retain a "golden share," or special voice in the company's affairs, after the merger to prevent unwelcome investors from building up large stakes.

A source close to the merger discussions said Mr. Balladur had sent a letter to Sweden containing "clarifications" on the French government's stake in the merged company.

The letter promises to privatize Renault "as rapidly as possible," the source said.

Mr. Balladur's office said it would confirm only that a letter had been sent. In Stockholm, a spokesman for Prime Minister Carl Bildt declined to disclose the letter's contents.

Mr. Bildt, however, did say on Swedish radio that it was imperative for the French government to clarify its position on privatizing Renault and on the golden share.

Earlier, the Swedish government said it did not intend to intervene in the matter, saying it was an issue for Volvo shareholders to decide.

Volvo's chief executive, Soren Gyll, was quoted as saying, "It is our conviction that the transaction with Renault is industrially and commercially correct and should be implemented."

But a former president of Volvo, Hansson Frisinger, said that for the Swedish automaker, the merger represented an "unnecessary sell-out." (AP, Bloomberg, AFP)

Glitches Nag Paris Bourse Delays Anger Traders and Shake Credibility

Bloomberg Business News
PARIS — Minutes before the Paris stock exchange closed Tuesday, an Oddo & Co. stockbroker was congratulating himself on completing a buy program for a client.

But suddenly a surge in orders swamped the exchange's computers and forced a half-hour extension in trading. When the market finally shut, the CAC-40 blue-chip index had slid almost 15 points, or 0.7 percent.

"It made me look really stupid," said the broker, John Clemens. "I missed a lot of cheaper stocks."

A series of such delays and disruptions to stock volume of orders created by three new stocks coming into the index and three leaving it.

François Marchall, head of international equity sales at Société Générale in Paris, said: "It's annoying. The whole of Europe is laughing at us."

Traders are grumbling that the frequent interruptions to business threaten the market's development just as it is poised to add several major new stocks through the government's privatization program.

The start of two new stock indices early next month, designed to spread investor interest across a wider range of stocks than those in the CAC-40, also could add to the volume and make solving the technical problems even more urgent.

The exchange's executive body, the Société des Bourses Françaises, has set up a 30-member task force to tackle the problems, and is member task force to resolve them by mid-December.

The computers of the Société des Bourses Françaises can routinely handle between 2.5 billion francs (\$423 million) and 3 billion francs of traded volume per day, and can handle its capacity increased if trading exceeds that. On Tuesday, volume surged to 6.8 billion francs.

On Friday, the index closed at 2,143.19, down 6.48 points, after rising in the previous two sessions. Volume amounted about 3.5 billion francs.

The Paris Bourse is not alone in its problems. The London stock exchange was forced to abandon its Taurus system for paperless trading earlier this year because of technical problems and cost concerns.

Dutch Hint Air Talks Are Failing

Compiled by Our Staff From Dispatches
THE HAGUE — The planned merger of four European airlines into Europe's biggest carrier may not succeed, Prime Minister Ruud Lubbers said Friday.

"I am taking into account the possibility that it may fail," the prime minister said in an interview on Dutch television.

Dutch news media said that KLM Royal Dutch Airlines, Swissair, Scandinavian Airline System and Austrian Airlines may break off their 10-month-long talks about a possible merger because of a dispute about the choice of a U.S. partner. News reports said Friday evening that KLM's board would vote at a meeting Saturday to withdraw from the project.

In another Dutch television interview, Economics Minister Kees van Dalen said, "It is, of course, a pity that it is finishing like this."

A KLM spokeswoman, Marjolaine Westing, said the airline would not comment or provide details of the merger talks until a final decision had been made.

The proposed "Alcazar" airlines merger — a name that denotes a Spanish fortress with four towers — is aimed at achieving the economies of scale of the mid-sized airlines' larger rivals.

But the airlines involved have been unable to agree on whether to link up with KLM's U.S. partner, Northwest Airlines, or Swissair's ally, Delta Air Lines. Dutch news reports have said the other three carriers all favored an affiliation with Delta but that KLM was unwilling to surrender its ties with Northwest. (Reuters, Bloomberg)

Investor's Europe

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	137.20	137.50	-0.22
Brussels	Stock Index	7,111.15	7,141.82	-0.43
Frankfurt	DAX	2,077.37	2,085.34	-0.38
Frankfurt	FAZ	798.94	803.81	-0.61
Helsinki	HEX	1,555.88	1,572.92	-1.08
London	Financial Times 30	2,357.60	2,371.50	-0.59
London	FTSE 100	3,108.00	3,125.50	-0.56
Madrid	General Index	304.88	306.16	-0.42
Milan	MIB	1,201.00	1,209.00	-0.66
Paris	CAC 40	2,145.23	2,149.87	-0.21
Stockholm	Affarsvaeriden	1,593.72	1,667.40	-4.42
Vienna	Stock Index	458.48	458.94	-0.10
Zurich	SBS	937.84	935.76	+0.20

Very briefly:

- Groupe Bull is setting up an 11-member executive board, including its new chairman, Jean-Marie Descarpentries, as part of a new management structure aimed at speeding the group's restructuring, which aims to end the computer concern's losses in 1994.
- AG Group SA may delay a rights issue because of a Belgian government decision to cut the withholding tax on dividends on new share issues to 13.4 percent from 25.75 percent; the change would mean the new shares would be treated differently from existing ones.
- Moldova and Armenia plan to abandon the ruble over the next two weeks and replace it with their own currencies, leaving Tajikistan as the only former Soviet republic still using pre-1993 Russian rubles — which are no longer accepted in Russia — as its only legal currency.
- Nissan Europe NV, a unit of Nissan Motor Co., said it had made a public offer for the 30 percent it doesn't already own in its Spanish subsidiary, Nissan Motor Iberica SA.
- Société Générale de Belgique's chief executive, Gerard Mestrallet, said the company was examining how to spend 30 billion Belgian francs (\$826.7 million) raised from selling part of the company's stake in Union Minière and its 42.6 percent stake in CBR Cimenteries SA.

California Wins Lego Park

Compiled by Our Staff From Dispatches
SAN DIEGO — Lego A/S, the Danish toy-maker, has selected a Southern California site to build a 40-acre, \$100 million theme park, deciding against putting the park in northern Virginia.

The deal, announced Friday, ended a regional competition that lasted for months. It will create a 16-hectare Lego Family Park in suburban Carlsbad, 35 miles (55 kilometers) north of San Diego. The park needs approval from the Carlsbad City Council and a group of residents fearing disruption of their lifestyle say they will seek to defeat the plan. If it is approved after a yearlong review, the theme park would be Lego's first in the United States. The company has operated a 25-acre (10.1-hectare) Lego Family Park in Denmark since 1968, and is planning to open another in Windsor, England.

The California park, which Lego hopes can open by 1999, is to feature attractions from the plastic building blocks that are the company's main product. It is to be geared for the under-13 set, with none of the high-speed, thrill-and-chill rides or rock concerts common to other amusement parks.

Lego said it had chosen California because of the great number of young children there and the state's clement weather, which would allow the park to remain open all year.

Governor L. Douglas Wilder of Virginia attributed Lego's decision to Disney's announcement last week that Prince William County would be home to a 100-acre Disney's America theme park near Haymarket.

He said that Disney's decision "created concerns among Lego officials about directly competing with that facility."

But a Lego spokesman, David Lafrenic, said that the Disney move had had no bearing on the choice of California. "When we learned about Disney's decision, we were so deep in our closure phase that it did not affect our decision," he said.

Mr. Lafrenic also said that Lego had not abandoned the idea of eventually building a theme park in Prince William County.

The Lego Family Park near San Diego would create between 500 and 1,000 part-time and full-time jobs, draw 1.8 million visitors annually, provide \$2 million in taxes, and pump \$76 million a year into the local economy, Lego officials said.

In addition to the jobs and tourist revenue promised by the park, California's victory over Virginia was a psychological boost to a state that has lost tens of thousands of jobs to other locales in recent years and has yet to begin sharing in the nation's economic recovery.

Despite the company's announcement, the Lego proposal faces a stiff review before the Carlsbad City Council votes on the proposal. A group of Carlsbad homeowners called "Neighbors Against the Invasion of Lego" has said it would fight the plan. (LAT, WP)

CONTAINER: Tiphook Divests

Continued from Page 9
 able to support debt outstanding."

Transamerica has been in the leasing business since 1978, and is the third-largest lessor today, with 420,000 twenty-foot equivalent units, or TEUs. The Tiphook acquisition would double the size of the operation. Gestar leads the field, with 1.2 million TEUs.

Richard Olsen, a Transamerica spokesman, said of container shipping: "It is highly profitable and it has very good growth."

He added that while Tiphook would receive a "premium price" for its container business, the British company would be left with operations that have not been profitable.

He also raised the question of whether Tiphook might not be forced to liquidate its trailer division as well. That business and its rail car division are both exposed to risks in the slow European market; the container division, on the other hand, has been growing amid big demand in the Far East.

Rupert Atkinson, an analyst at Standard & Poor's Corp., said, "It's rather too early to make confident predictions about what will be left and how well the operations will be

Perot in France? Not So Fast

International Herald Tribune
PARIS — A regional development body claims it has linked up with Ross Perot's group to develop a \$1.1 billion cargo airport facility in the Champagne region of France. But Perot officials in Dallas said Friday it just ain't so.

Francis Lhermitte, managing director of Europort Paris-Champagne, said Alliance International, Mr. Perot's airport development company, signed a memorandum of understanding in September calling for Alliance to provide organizational and marketing assistance to the French project, planned for a former NATO air strip at Vatry.

He said that Mr. Perot's group could "maybe one day" take an equity position in the project.

But Harry McKillop, president of Alliance, a unit of the Perot Group, said the only relationship it wanted with Europort was as a paid consultant. He acknowledged there had been a loose agreement, but that his company had informed the French group more than a month ago that it had no interest in going further.

French Economy Still Fragile

Reuters
PARIS — The French economy bounced more strongly than previously thought out of last winter's sharp slump, but the outlook for coming months remains questionable, according to new data published Friday.

Economists said a larger-than-expected decline of 0.3 percent in industrial output in September left doubts about how strong the economy would be this winter. Output rose by 0.5 percent in July and August.

But the national statistics office revised its estimate of economic growth in the second quarter of this year upward to show that gross domestic product grew by 0.3 percent, rather than remaining flat, as it had originally said. The economy shrank by 0.8 percent in the first quarter after contracting by 0.3 percent in the last three months of 1992.

NASDAQ

Friday's Prices
 NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Div	Yld	PE	52	High	Low	Latest	Chg
120	100	1.00	4.0	15	100	100	100	100	0
150	120	1.50	4.5	15	120	120	120	120	0
200	150	2.00	5.0	15	150	150	150	150	0
250	200	2.50	5.5	15	200	200	200	200	0
300	250	3.00	6.0	15	250	250	250	250	0
350	300	3.50	6.5	15	300	300	300	300	0
400	350	4.00	7.0	15	350	350	350	350	0
450	400	4.50	7.5	15	400	400	400	400	0
500	450	5.00	8.0	15	450	450	450	450	0
550	500	5.50	8.5	15	500	500	500	500	0
600	550	6.00	9.0	15	550	550	550	550	0
650	600	6.50	9.5	15	600	600	600	600	0
700	650	7.00	10.0	15	650	650	650	650	0
750	700	7.50	10.5	15	700	700	700	700	0
800	750	8.00	11.0	15	750	750	750	750	0
850	800	8.50	11.5	15	800	800	800	800	0
900	850	9.00	12.0	15	850	850	850	850	0
950	900	9.50	12.5	15	900	900	900	900	0
1000	950	10.00	13.0	15	950	950	950	950	0

GEC-Alstom Picks Hyundai Precision

Compiled by Our Staff From Dispatches
 SEOUL — Hyundai Precision & Industry Co. has been selected to be the lead domestic subcontractor on GEC-Alstom's project to build South Korea's first high-speed rail line, GEC-Alstom announced on Friday.

The decision followed intense competition between Hyundai and the two other companies, Daewoo Heavy Industries Ltd. and Hanjin Heavy Industries Co., which will become subcontractors on the project.

The president of Daewoo Heavy,

Seok Jong Cheol, vowed to take legal action for what he alleged had been a breach of contract.

But GEC-Alstom said, in response, that it "deeply regrets that the disappointment of Daewoo Heavy Industries after not being selected" had caused "inappropriate reactions, such as quoting non-existing exclusive agreements."

In August, the French-British consortium tentatively won a battle to supply the high-speed trains, known as TGV, and transfer the technology for a 410-kilometer (250-mile) line linking Seoul and the port of Pusan.

But the South Korean authorities have yet to finalize the contract, which remains subject to further negotiations over technology transfers and financing.

The project, including rolling stock, line construction and engineering work, was originally set to cost 5.8 trillion won (\$7.2 billion). Inflation has pushed this to 10.7 trillion won. Work was initially due to begin next year but some delays are expected.

Dominique de Causans, a spokesman for GEC-Alstom in Paris, said the three-part structure of the subcontracting group would avoid the risk of a monopoly position or undue competition.

"Each partner will receive from GEC a direct transfer of the necessary technology based on a fair and logical work share," Mr. de Causans said. (Reuters, Bloomberg)

Tokyo Debates Tax Moves

Panel Advises Income Tax Cut for Growth

Compiled by Our Staff From Dispatches
 TOKYO — A government tax panel advised Prime Minister Morihiro Hosokawa on Friday to cut income taxes and boost the sales tax to spur the economy.

The recommendation was unveiled hours before Mr. Hosokawa's departure for Seattle to attend the Asia-Pacific Economic Cooperation forum as well as a private meeting with President Bill Clinton. The recommendation was vague in key respects but provided precious political cover for Mr. Hosokawa.

Washington has been urging Tokyo to push through a broad income tax cut to put extra cash in the pockets of Japanese consumers, a move many economists believe is needed to pull the country out of its two-year slump.

There has been widespread speculation that Mr. Hosokawa would tell Mr. Clinton that Japan will cut income taxes by 5 to 6 trillion yen (\$47 to \$56 billion), but government officials have said that Japan was unlikely to offer specific figures in Seattle.

Any reluctance to name figures would be understandable. Although Mr. Hosokawa's approval rating is a lofty 70 percent and he has just scored a big win in the lower house of Japan's legislature with the passage of his promised political reform package, he must move carefully on the tax cut issue.

A move to raise the sales tax would be particularly sensitive. The current tax is 3 percent and its introduction in 1989 met a public outcry.

Coalition party members are divided on how deep any income tax cuts should be, with the desired amount ranging from 5 trillion to as high as 10 trillion yen. Some want implementation within a year and others prefer two years.

The Social Democratic Party, the largest bloc in the ruling coalition, is firmly opposed to any increase in the sales tax. "The coalition will self-destruct" if the tax is raised, a party official said.

Many Socialists won their parliamentary seats this year with promises to hold the line against a sales tax increase.

"The current tax system is unfair," said Hiroshi Kato, chairman of the government's tax commission. "People in the middle income bracket or higher deserve lower tax rates," Mr. Kato said at a news conference in Tokyo.

Although the tax panel is an advisory body reporting to the prime minister, the Finance Ministry controls its daily operations, an official at the prime minister's office said. The Finance Ministry has resisted calls for a large tax cut, believing that Japan's resources are already stretched too thin by the recession and the demands of the nation's aging population.

Perhaps reflecting the influence of the ministry, the report issued by the panel on Friday said only that Japan needed to lower its dependence on income taxes and generate more revenue from the sales tax. It did not make any more concrete recommendations.

The Finance Ministry has opposed the use of special so-called deficit bonds to finance a tax cut. "Issuance of deficit-covering bonds is not good," said Mr. Kato, the tax commission chief. "It would take at least 10 years to redeem those bonds."

The government has attempted twice this year to revive the economy with two mammoth economic stimulus packages, which included construction projects and loans to small business and home buyers. A package launched in April amounted to 13.2 trillion yen and the second package totaled 6.2 trillion yen.

But an unusually cold and rainy summer, a political scandal involving bribes for public works contracts, and the rising price of Japanese exports all but wiped out the impact of the packages.

(Reuters, Bloomberg, AFP)

NTT Profit Slumps as Sales Slow

Compiled by Our Staff From Dispatches

TOKYO — Nippon Telegraph & Telephone Corp., Japan's largest telecommunications company, said Friday that pretax profit for the first six months of the year fell 1.9 percent amid weaker sales and increased competition.

For the half-year that ended Sept. 30, NTT reported profit of 103.9 billion yen (\$971 million), after 105.9 billion yen in the corresponding period a year ago.

Sales fell 1.7 percent, to 2.91 trillion yen, largely because of a 12.2 percent decline in new subscriptions for telephone lines and new telephones during Japan's economic slump.

Operating profit slipped 8.7 percent to 164.3 billion yen.

NTT's stock fell 1.7 percent on the Tokyo Stock Exchange to close at 765,000 yen.

The company said the outlook for the remainder of the year is poor, even though NTT has begun lowering its long-distance rates to cope with increased competition from new companies that have emerged since the government started selling its stake in NTT in the 1980s.

Shigeru Yoshimura, an analyst at Barclays de Zoete Wedd, said that while lower rates may help the company in coming years, this would be slow sales even more during the next six months.

"Sales were depressed because corporate users are cutting expenses," Mr. Yoshimura said. "But NTT will face even poorer profits because of its long-distance rate cut this autumn."

For the year through March 1994, NTT predicted that sales would slip 2 percent, to 5.8 trillion yen. Pretax profit, it said, would plunge 57 percent to 106.0 billion yen.

NTT's local telephone rates are set to rise, but not soon enough to help the company in the current financial year, analysts said. The government has approved NTT's request to increase pay-telephone rates. (Bloomberg, Knight-Ridder)

Investor's Asia		
Stock	Change	Change
Tokyo Nikkei 225	-0.77	
London FTSE 100	+0.31	
Hong Kong Hang Seng	-1.18	
Shanghai SSE	+1.24	
Osaka TOPIX	-0.96	
Manila PSE	+0.35	
Beijing SSE	+0.18	
Seoul KOSPI	-0.08	
Colombo CSE	-0.05	
Bangkok SET	+0.03	
Jakarta JSE	-0.01	
Manila PSE	+0.03	
Beijing SSE	+0.03	
Seoul KOSPI	+0.03	
Colombo CSE	+0.03	
Bangkok SET	+0.03	
Jakarta JSE	+0.03	

Very briefly:

- Pioneer Electric Corp. said pretax profit for the half-year dropped 70 percent to 2.35 billion yen (\$31.5 million), while sales dropped 16 percent to 173.4 billion yen, largely because of the strong yen.
- Ricoh Co., the office equipment maker, said it managed a 36 percent rise in pretax profit in the half-year, to 6.2 billion yen, largely through currency hedging, despite a 15 percent fall in operating profit.
- Volkswagen AG's management board chairman, Ferdinand Piëch, said the carmaker would be able to mount a challenge to its Japanese competitors on Asian markets within a few years with cars made in Shanghai.
- Coca-Cola Co. and Swire Pacific Ltd. will set up a \$20 million bottling plant with Chinese partners in Xian.
- Bharat Telecom Ltd. of India will tie up with Telecom New Zealand in a venture that plans to invest 2.5 billion rupees (\$80 million) in Punjab.
- Singapore prosecutors have accused Neo Gim Eng, managing director of Devon Industries, an edible oils trading company, of presenting invoices with exaggerated figures to get loans totaling \$28.8 million from a group of international banks. (Knight-Ridder, Reuters, Bloomberg, AFP)

This Time, Thai Broker Counts Zeros

Bloomberg Business News

BANGKOK — Phatra Thanakit, a brokerage firm, said Friday it would proceed with a \$220 million debt offering despite having been involved in the biggest computer "mistake" in the history of the Stock Exchange of Thailand.

On Wednesday, a client of Phatra Thanakit placed an order to sell 2,000 shares of Ayudhya Investment & Trust Co., a small finance company, but the number was somehow changed to 200 million shares.

The stock exchange board voted to negate all transactions "to prevent investment disaster," letting Phatra off the hook from an error that could have cost billions of baht to correct. "The company is still likely to face lawsuits and possibly fines."

Haydn Meadows, an analyst for Baring Research, said the glitch would "have a negative impact on Phatra's results this quarter. But there won't be an impact on the bond offering."

Slump Takes Toll at Japan's Construction Giants

Compiled by Our Staff From Dispatches

TOKYO — With their reputation already battered by a widening bribery scandal, a number of Japan's major construction companies on Friday posted dramatically lower earnings, primarily as a result of the ailing real estate market.

Shimizu Corp., Taisei Corp., Kajima Corp. and Hazama Corp. all had dismal results for the six months that ended Sept. 30.

The chief culprits are the free-fall in real estate prices and the nation's two-year business slump. These trends have in turn slowed office construction.

Another problem is that top executives at all four of the companies have been arrested on charges of attempting to bribe Japanese officials in order to see their projects get favorable treatment.

The scandal has prompted the Japanese government to take disciplinary action, suspending the companies from bidding on public works projects. The suspension is expected to hurt the

companies' results for the full financial year ending next March, their executives said.

Kajima reported that its half-year pretax profit tumbled 16.7 percent to 31.8 billion yen (\$297 million). Overall orders will decline by 30 percent this year, according to company officials.

Earlier this month, Kajima said it would sell all of its Australian real estate holdings, including the luxury Park Lane Hotel in Sydney. The company has invested about 100 billion yen in Australia since 1987. (Bloomberg, Reuters)

Asia Gropes for a NAFTA-Era Trade Strategy

Agence France Press

TAIPEI — Asia's export-oriented economies began trying to deal with the North American Free Trade Agreement on Friday, as Taiwan said the accord would reduce its exports to the United States, its leading market, and South Korean officials began discussions of how to minimize its impact on the nation's trade.

Taiwan's vice minister of economy, Yang Shih-chien, said the accord approved Wednesday might be approved by the U.S. House of Representatives would increase Taiwan's dependence on its trade with China.

The agreement aims to turn the United States, Canada and Mexico into a single free-trade zone starting next year.

Although the agreement would not have a major immediate effect, Mr. Yang said, Taiwan's trade and investment structure would be affected by it in the long run.

A study by a U.S.-based concern, Data Resources Inc., has said that competition from Mexico would cut Taiwan's exports to the United States by 0.8 percent, or \$4.4 billion, between 1994 and 2000.

The United States has been Taiwan's largest market, absorbing 27.7 percent, or \$5.12 billion, of the island's total exports in the first 10 months of this year.

Mr. Yang said the problem with NAFTA, from Taiwan's point of view, was that about 80 percent of the Taiwan-made products sold in the United States were in the same

product categories as goods made in Mexico.

He added that Taiwan was already suffering from unfavorable investment conditions, including labor shortages and increases in labor costs, real estate prices and disputes over environmental protection.

Other officials said Taiwan investors now would tend to look to the Chinese mainland for cheaper raw materials and labor and would use China's most-favored-nation status in the United States to enter the North American market with goods made there.

Lee Kao-chao, economic research director of the Council for Economic Planning and Development, said products made on the mainland would be competitive, because labor costs there were on average one-third of those in Mexico.

In Seoul, meanwhile, the government began working-level meetings to discuss the possible impact of NAFTA on South Korean exports and how to offset it.

Among measures under consideration were ways of strengthening the Asia-Pacific Economic Cooperation forum and developing it into a free-trade zone to keep the NAFTA signatories from becoming an exclusive trade club along the lines of the European Community, an official of the Trade Ministry said.

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Herald Tribune

NATIONAL AND INTERNATIONAL PUBLIC BID (postponement)

Purpose: For the awarding of the "PREPAID SYSTEM OF ADMISSION, OF PASSENGERS, CONTROL AND INFORMATION OF THE URBAN PUBLIC TRANSPORTATION SERVICE OF THE CITY OF ROSARIO, PROVINCE OF SANTA FE, ARGENTINE REPUBLIC" (SPAC).

Opening of the tender envelope: November 30th, 1993 at 10:00 a.m. in the Secretariat of Public Services, 2808 Pellegrini Ave., top floor, or on the first following business day at the same time.

Delivery of Bidding Proposals: At the "Direccion General de Servicios Publicos" (General Department of Public Services), 2808 Pellegrini Ave., top floor.

Cost of the Bidding Proposal: \$ 2,000 (stamped official document). Purchase of the Stamped Official Document: At the "Direccion General de Rentas de la Municipalidad de Rosario, 711 Buenos Aires St., Rosario, Province of Santa Fe.

Bids reception: At the "Direccion General de Servicios Publicos" until 16:00 a.m. of the date indicated above.

Decree No. 1677/93 Record No. 33436-1/93
 9522/93-NCN Postponement

MUNICIPALITY OF ROSARIO

AMEX Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

13 Month	Div	Yld	PE	High	Low	Close	Change
IBM	4.75	6.1	15.5	110 1/4	109 3/4	110 1/4	+1/4
Microsoft	0.50	12.0	18.0	38 1/2	38 1/4	38 1/2	+1/4
Apple	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Oracle	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Novell	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Lotus	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Intuit	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Visa	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
MasterCard	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Amex	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Discover	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Bank of America	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
JP Morgan Chase	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Wells Fargo	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Citigroup	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Bank One	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
First Union	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Bank of New York	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Capital One	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
USAA	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
MetLife	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Prudential	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
AIG	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Travelers	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Chubb	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Swire Pacific	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
British Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Virgin Atlantic	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Etihad Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Qatar Airways	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4
Emirates	0.50	12.0	18.0	21 1/2	21 1/4	21 1/2	+1/4

NYSE

Friday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 1993, High, Low, Latest Close. Lists various stocks and their performance.

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Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 1993, High, Low, Latest Close. Lists various stocks and their performance.

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Nov. 19, 1993

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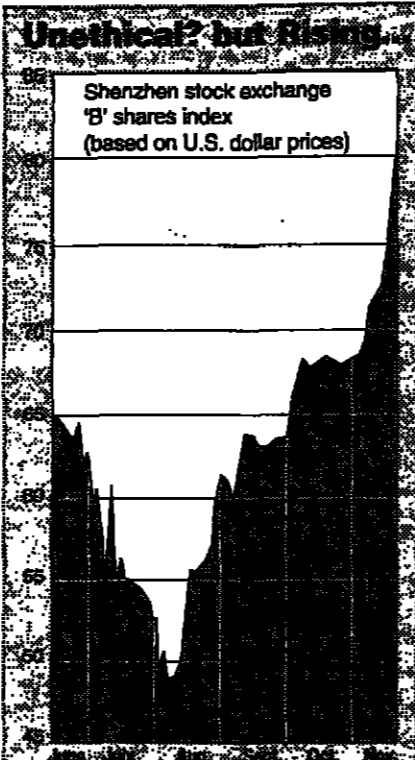
Regulators, Show Some Humility

If you don't believe that success has many fathers, ask an American fund manager, regulator or lawyer. In fact, almost everybody connected with the conspicuously booming U.S. mutual fund industry nowadays seems to be claiming significant participation in what is deemed to be the industry's success.

'Ethical' Investing: Doing Good, or Massaging Consciences?

By Rupert Bruce

WHEN is an investment unethical? It is a difficult question. Many would argue that it all depends on the idiosyncrasies of each investor's liberal prejudices.



Sources: Standard Chartered Securities; Bloomberg

But even that casuistic test of investing is crumbling before investors' eyes. Following this week's adoption of a multiracial constitution and Nelson Mandela's call for economic sanctions to be lifted, ethical investors are lifting their blanket bans on investment in South Africa and debating what action to take against the next evil empire, China, and other 'ethically regressive' markets.

"We are concerned about China's human rights record," said Jon Lickerman, director of social research at the Maryland-based Calvert Group which runs the World Values Fund.

"We have talked about a blanket ban on China but to date we have refrained from it." In London, Tessa Tennant, head of Jupiter Tyndall's Merin research unit, which runs a stable of ethical funds and advises wealthy private clients about ethical investments, said: "The country that everyone has had their eyes on is South Africa and I get the feeling there is a sense of: Is there anybody else? We are already getting private clients refusing to invest in China."

Collectibles

- Page 16 Automobiles - picking the right vintage
Page 17 Stamps in transition; coins true currency
Page 18 Premium wines; Hong Kong and western art
Page 19 Whisky - a different kind of bond; the call of telephone cards

Table with 3 columns: Over one year to Nov. 8, 1993; Over three years to Nov. 8, 1993; Over five years to Nov. 8, 1993. Lists various international indices and their values.

Sources: Mitrupal

China and many other emerging markets fall far short of such ethical ideals as equal employment opportunities, the right to organize trade unions, domestic laws on a minimum wage and maximum hours of work, strict anti-pollution controls, and so on.

China is probably the most obvious offender. Jean Pasquini, who spent seven years in a Chinese prison during Mao Zedong's times, writes in a recent edition of the China Quarterly, published by London University's School of Oriental and African Studies, that prisons "play an important role in the national economy." He compares China with Nazi Germany and the Soviet Union, both of which used prisoners to benefit their economies, and says that neither "made use of slave labor as efficiently" as China does.

To use a less extreme example, many environmentalists are dismayed that companies in Indonesia and Malaysia are logging the forests and replacing them with plantations of palm oil, cocoa, or rubber trees in the drive for development.

Mark Campanale, senior environmental researcher at Jupiter Tyndall, said: "What is

happening is Western capital has flown to the south and is being invested in companies whose standards on health, safety, and environmental grounds are much lower than standards in the West."

He adds that part of the problem is that the industries of the south tend to be "natural resource extractive" and gives the example of mining, logging and plantations.

A good example of the kind of emerging markets company ethical investors object to is PT Barito Pacific, an Indonesian wood products company which was floated on the Jakarta Stock Exchange last month. A group of 13 organizations, including Friends of the Earth and Greenpeace, wrote to about 250 institutional investors who attended a meeting to promote the flotation at London's Savoy Hotel in July alleging illegal logging.

Mr. Lickerman says he has yet to identify a Chinese company or a foreign company with interests in China that he objects to on ethical grounds. He adds, however, that he is not yet investing directly in China because he regards the local Shanghai and Shenzhen stock exchanges as too volatile.

But he has decided against buying shares in Hyundai Group from South Korea. "The rationale was there was brutal repression of a strike this summer in July," he said. "Riot police stormed the Hyundai industrial plant to evict hundreds of striking workers."

In Chile, the Calvert Group has decided against buying any shares in any of the copper companies. "This is because it is written into legislation that 10 percent of all copper sales in Chile go straight to the military and it is our opinion that the military still has inordinate influence over the government and human rights issues in Chile," said Mr. Lickerman.

But surely by standing by their ideals ethical investors are condemning themselves to underperforming others who can buy shares on investment considerations alone in these booming markets? And is it not the flexibility on wages, the hours the workers keep and lax control over pollution that keep emerging markets' costs down?

Mr. Lickerman says he finds there are many more opportunities that do not compromise his ethics in the emerging economies that are further along the road toward becoming devel-

oped economies. He would include Chile, Brazil and South Africa.

At Jupiter Tyndall, Mr. Campanale says he tries to buy companies that are setting good examples in the fields of human rights or ecology. He has invested, for example, in a U.S.-listed company called Shaman Pharmaceuticals, which tries to learn the healing properties of Amazonian plants from the local medicine men and turn them to commercial use.

He also has an investment in the Beta Vietnam Fund. He has stipulated the guidelines of his ethical funds and the country fund has promised to abide by them. Mr. Campanale says he will watch vigilantly.

He adds that ethical investing is the only way to invest in emerging markets for the long term: "If companies are depleting their natural resources they will be snuffed in 20 years' time. What are they going to have left when they have used up their rain forests?"

"We believe that companies which exploit environmentally sustainable opportunities in the developing world will make money and will be there in the future when some of these firework companies will have disappeared."

U.S. and China Are Key to Asia Markets

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Anna Tong, director, Actra Investment Management (Hong Kong) Ltd.

Although President Bill Clinton's attempt to lift the U.S. embargo to Vietnam failed, his decision to remove the blocking of multinational lending to the country has sufficiently raised attention from the international investing community.

Vietnam does have an exciting long-term growth story. It has the third-largest population in Southeast Asia - 75 million, with 70 percent under the age of 35. The adult literacy rate is almost 90 percent. The average wage rate in the manufacturing sector is roughly \$30 a month, as compared to \$50 in China. The country is self-sufficient in food and energy and is a net exporter of rice, petroleum and marine products.

Tempted by the economic success enjoyed by China, the ruling Communist Party has embarked on an economic reform policy since 1986 under the objectives of doi moi (renovation) and mo doi (openness). In general, government officials are considered open-minded and willing to learn from the West. Reform plans include privatization of state enterprises, the establishment of a stock exchange, and reforming the legal structure for investments. Most importantly, the economy is at such a low base, with per-capita income of only \$120, that every Vietnamese citizen is hungry for growth.

Vietnam's potential is undeniable but the risks of investing there for foreigners are also considerably high at this juncture. One of the risks is the insufficiency of the legal structure. Apart from the Foreign Investment Law, there are no bankruptcy, monopoly, leasing or financial-reporting laws. Another issue is the cumbersome bureaucracy. "Lack of accounting standards is also a significant problem; it is not

uncommon to find hidden losses or a lack of bad-debt provisions on the books of Vietnamese companies.

Another critical problem is the lack of infrastructure, with shortages in transportation, telecommunications and power. For example, it takes six months to two years to install a telephone line, at a cost of \$1,000. There is an acute shortage of hotels, not to mention office buildings, in Hanoi and Ho Chi Minh City.

Currency risk is another issue. It is estimated that 40 percent of all transactions in Vietnam are in gold or hard currency. The lack of confidence in the local currency has forced the government to maintain high deposit rates to mobilize savings. This indirectly pushes up lending rates and makes local funding expensive.

Given the lack of legal and accounting infrastructure, the acquisition process has a long way to go. The agenda of the government is, first, to set up a bond market to trade government, municipal and corporate issues. Then when the legal and accounting framework improves, a stock market will be established. The privatization process is planned to transfer the ownership of the company to the employees at a low price, and then offer new shares to foreigners at much higher multiples to raise foreign capital.

While the potential for development is in sight, the realization for foreigners will be a while in coming.



Howard Flight, director, Guinness Flight Global Asset Management

Following the recent strength of equity markets, there is some inevitable concern by investors that values are running ahead of economic recovery. Some correction in the course of the next six to nine months, within a continuing bull market likely to last until 1995, looks to be the most likely course. The U.S. and British economies are only now recovering slowly. Continental Europe has yet to emerge from recession. The Japanese economy continues to decline.

It is unlikely to be earlier than 1995 before world economies are advancing together. As regards the Japanese stock market, the positive arguments are that much of the Japanese economic news has been discounted; as and when recovery occurs, there will be a sharp upwards gearing to profits; profits performance anyway is mixed, with some sectors doing well; a further retreat by the yen from its recent highly overvalued levels should improve corporate profitability significantly; much of the stimulatory measures taken by the government have yet to work their way through.

The bad news is that an acceleration in Japanese unemployment, which now looks likely, can be expected to weaken Japanese consumer confidence further; the downturn for corporate profits currently looks worse than expected - down 30 percent-plus; there are significant risks of further major bankruptcies and potential financial failures; above all, with Japan unlikely to return to premium growth rates for a considerable period of time, it is difficult to justify current stock market values, even allowing for accounting distortions. The worrying factor is that if the market slumps when the government and major Japanese financial institutions have already

Outlook

sought to cooperate to stabilize values, the fall could be precipitous.

The debate as to the outlook for Hong Kong reflects wholly different factors. From overseas, Hong Kong is correctly seen as the "New York" of southern China, where an economic and industrial revolution is taking place, comparable to that of America in the 1880s. Hong Kong stocks represent directly and indirectly a proxy for the dramatic economic growth occurring in southern China, and a major beneficiary, if indirect beneficiary, of the \$100 billion invested in China from overseas over the last year alone.

Hong Kong businesses are both the main conduit for the exporting of an increasing spread of goods made in China, and also stand to benefit from Chinese infrastructure development, or simply from Chinese money finding its way into Hong Kong values. If China is to become the largest economy in the world by the early 21st century, institutional and individual investors are clearly underweight in their exposure to China. In 1992, Americans invested \$20 billion in Latin American markets, but only \$2.8 billion in Hong Kong - no wonder October saw a surge of U.S. money into the Hong Kong market.

Yet, the Hong Kong stock market is now generally seen as overvalued. International investors are perceived as "overdoing" the China growth story. Particularly, Hong

Kong residents point to the pre-dominance of Hong Kong property values, supporting the Hong Kong stock market. Property values are perceived as highly volatile, given the political problems.



Christopher Kwiecinski, investment manager, Banque Indosuez, Global Private Banking

International investors breathed a sigh of relief as October's evil spirits remained on leash. However, before the month ended yet another triple three configuration flashed across the global trading rooms. In the third week of October, U.S. Treasury bond prices registered their worst weekly loss (3 points) in... three years. This correction should have surprised only those who still refuse to accept the notion of a U.S. recovery and who provided recent market support mainly on the basis of economic weakness.

The equity markets of Hong Kong, Singapore, Malaysia and Thailand soared to historical highs in recent weeks as "a wall of American money was thrown at them" according to a newspaper headline. To be sure, above-average long-term growth prospects in these dynamic economies and their record of current stability have been attracting foreign investors for many years.

However, there should be no risk in overemphasizing its sensitivity to the United States interest rate cycle and trade policy. The wave of funds flowing out of North America could strain the absorption capacity of these markets and exacerbate monetary and exchange rate management in the region. Hong Kong stands out as an example.

Furthermore, these economies rely heavily on relatively unrestricted access to the North American export markets and changes in the American business cycle are quickly transmitted throughout the region. For this reason and as a result of more or less formal pegging of their currencies to the dollar, U.S. monetary policy has direct and almost immediate influence on the interest rates of the Pacific Basin economies.

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THE MONEY REPORT

BRIEF CASE

Friends Provident Offering Closed-End Ethical Fund

Friends Provident, a leading player in the British ethical investment industry, is launching a closed-ended ethical fund early next month. The Friends Provident Ethical Investment Trust will be quoted on the London Stock Exchange for the duration of its existence — scheduled at eight years.

Aside from being financially suitable, companies in which the fund invests will have to meet certain ethical criteria. The positive aspects that the management team of the fund (which is seeking to raise at least £30 million (\$45 million)) will be looking for will include such considerations as whether the companies have proven themselves to have a long-term track record of service to the community, and whether the companies display an awareness of environmental and ecological issues. The openness of the companies' management styles and their treatment of staff and public will also be considered.

Factors disqualifying companies from having the fund as a shareholder will include military-related contracts, production of alcohol or tobacco products, production of violent or pornographic films, gambling, and "the unreasonable exploitation of people generally."

Investors can choose between two classes of share. Zero dividend shares will provide capital growth at a predetermined rate of 8 percent. But holders of this class of share will not receive any income. Ordinary shares are "likely to yield approximately 8 percent in the first year," according to the fund's literature. All income from the shares held by the fund will be attributed to the ordinary shares.

Peter Silvester, executive director of Friends Provident, described the new vehicle as "innovative." He adds that it "will fulfil the requirements for high yield and capital growth."

Total management charges are expected to be less than 1 percent of monies invested. The minimum investment is £1,000.

For more information, call Friends Provident in London at (44 71) 329 4454.

From Guinness Mahon, Multicurrency Checking

Guinness Mahon Guernsey, part of the offshore private banking arm of the Guinness Mahon group, is expanding its interest-bearing checking account to offer "money market levels of interest rates on 25 major currencies."

The minimum initial deposit for the account is £2,500, (\$3,750) or the equivalent in major currencies. The bank offers both pound- and dollar-denominated check-books, plus a multicurrency check book that enables investors to write a check in the currency of their choice.

"Multicurrency facilities are the most-demanded service in offshore private banking

at present," said Kevin Kenny, chairman of Guinness Mahon Guernsey. "Many of our clients are likely to be juggling a number of different currencies. They may be paid in one, perhaps pay school fees in another, a mortgage in another, and maybe need to protect their currency exposure at the same time."

For more information, call Guinness Mahon at London (44 71) 623 9333.

A Kleinwort Benson Fund For 'Second-Hand' Policies

The second Kleinwort Benson mutual fund investing in second-hand life insurance policies has been launched. The idea of the fund is to manage a portfolio of policies with a range of differing investment maturities and values. The "second-hand" element is a reference to the fact that the fund buys the right to the maturity value of the policy from the individuals insured.

"This trust offers long-term investors the prospect of good real returns with a relatively low level of risk," said Simon White, managing director of Kleinwort Benson Investment Trusts. "The assets that underlie the policies are well diversified among equities, property and fixed interest stocks, thereby providing the prospect of good capital growth and a degree of inflation hedging, unlike many other 'low-risk' investments."

The fund will run for about 12.5 years. It will be listed on the London Stock Exchange and have a maximum size of £20 million. Minimum investment is £1,000.

For more information, call Kleinwort Benson in London at (44 71) 956 6600

Robertson Stephens Offers 'Contrarian' Hedge Fund

Robertson Stephens & Co., the San Francisco firm known as an investment banker to high-tech growth companies, has rolled out the Contrarian Fund, an SEC-registered hedge fund targeted at individual U.S. investors.

Most hedge funds are closed to American citizens because they are domiciled in less-regulated tax havens like the Cayman Islands. Even for qualified investors, the entry ticket can run as high as \$250,000.

Hedge funds typically try to reap profits by placing big bets for or against certain sectors of the markets. On the "long" side (anticipating potential gains), the fund manager, Paul Stephens, currently has "substantial investments" in growth gold mining companies that are adding to reserves by new finds and acquisitions.

About 25 percent of the \$43 million fund is in "shorts" — stocks on which a manager hopes to profit from an expected decline in value by selling borrowed shares, then rebuying them at lower prices. Mr. Stephens' candidates for a fall: over-valued "cult" technology stocks that are widely held by big institutions; and bank and mutual fund

companies, which he believes will take a tumble as U.S. interest rates revive.

Mr. Stephens already has a track record with his Orphan Fund, a private partnership which has appreciated 42 percent since the first of the year. The open-ended Contrarian Fund is currently selling at around \$11 a share with a minimum initial investment of \$5,000. It is a no-load vehicle, although its annual fees, almost 3 percent, are steeper than most. For a prospectus, call Robertson Stephens at (415) 781-9700 or fax: (415) 433-7326. The fund is also available through the discount brokers Charles Schwab.

New Travel Card Launched, But Is It the Best Value?

A pre-paid card which international travelers can use to withdraw local currency from automatic teller machines (ATMs) will be launched by Visa USA next year. Ultimately, users will be able to obtain cash in 65 countries from 160,000 ATMs, according to Visa.

The fee for the card, which will be issued in selected markets at first, will probably be competitive with that charged for travelers' checks. If the card is lost or stolen it will be cancelled on user notification and a second one issued. Otherwise, when the pre-paid amount is used up, the cardholder will simply "top it up."

Visa claims the card will offer better exchange rates than travelers' checks, but early indications are that there is a downside for the consumer in the form of interest charges.

Visa is not the only player entering this new market. MasterCard International reportedly plans to roll out a pre-paid card in Europe, and Citibank recently brought out a similar card, which can be used in 45 countries, for Japanese consumers.

The Money Report will carry an in-depth analysis of this method of currency exchange in a later issue.

Guernsey Funds Achieve New All-Time Record Levels

Boom time in the offshore centers. Open-ended mutual funds (as opposed to the corporate-type closed-end variety) have hit record levels in the British Channel Island of Guernsey. The island's managers have more than \$1.5 billion in their custody, according to the Guernsey Financial Services Commission.

Mauritius Has Tax Charms To Woo Western Investors

Mauritius, a growing offshore center, and a favorite gateway into India for western fund managers, has stimulated interest with its tax reform program.

In addition to its tax treaty with India, Mauritius has eliminated its erstwhile requirement for companies to distribute 80 percent of profits to shareholders.

The Nonpecuniary Rewards of Old Cars

By Karina Robinson

PRINCE Charles races off to his polo matches in an Aston Martin DB6 Volante. The image is glamorous, and the social prestige of vintage, classic and high-performance cars is not entirely unconnected to their perceived value. Yet it is not well for car collectors: That model of Aston Martin, which was sold for £135,000 (currently £200,000) in 1989 is now selling for £39,000 in a Knightsbridge showroom, well under a third of the earlier price.

Although Prince Charles may be indifferent to such considerations, many others have dejectedly seen their investment plummet in value. The key lies in the owner's perception of his car. The bottom may be said to have fallen out of the market, but the true enthusiast who was in the market before it zoomed up in the late '80s will generally have an appreciating asset that has not lost its value.

Simon Kidston, auction manager of the dealer Coys of Kensington pinpoints the difference between the boom years and the regular client.

"Ninety-eight percent of our customers drive the cars around. This was not necessarily the case four years ago, when only 60 percent drove them around and they were bought solely as investments and stuck in garages with dehumidifiers," he said.

For the owner-enthusiast, the car's slowly appreciating value will allow him to trade upwards into a more expensive model or make, should he so wish, while the income is measured with far from standard criteria. It consists of being able to participate in vintage car races, in say, the Annual Rolls Royce rally. Or in club events such as tours through France where the food and the wine almost — but not quite — upstage the cars, or in spending weekends tin-

keering with engines. The delights are endless, but nonpecuniary.

This does not mean that collectors are tremendously wealthy individuals with no need for such mundane things as dividends. Rather, they are a diverse bunch of human beings, united by little other than their passion for cars. They include high profile figures such as Pink Floyd drummer Nick Mason and the former British government minister and diarist Alan Clark, as well as eccentrics with mutton chop whiskers.

Tony Rippon is neither eccentric nor bewhiskered, but in many ways he is an emblem of the enthusiast which is the basic underpinning of the market. Having fallen in love with motor racing at an early age, he raced Bugattis from the 1950s to the '70s and passed this passion on to his twin sons, who, two years ago, drove across a number of continents in a 1939 Lancia Aprilia.

His advice to first-time buyers of collectors' cars is succinct:

"First of all, talk to a friend who is already a knowledgeable enthusiast, as you want a disinterested helper. Practices are far worse than in life insurance sales. I would then go to an established dealer who would have the leisure to go into the background of the car, and would call the club which dealt with it. An auction would not be the way. Auctions are for people who know."

The dealer Stanley Mann sells only vintage Bentleys (vintage cars are those built up to 1931 while classic cars are post-1931, although the definitions are often used loosely). Despite the family business being a kosher butcher shop, he was always fascinated by cars.

"I had always wanted a Bentley," he said, "it was the best fun I could have with my clothes on so I set up a garage repairing them and it grew from there."

He is categorical in saying that vintage cars should never be bought for investment, al-

though he points out that they are not liable for capital gains tax and that over seven to 10 years you can sell them and make money. But this is subject to a number of caveats, such as the state of a car's engine.

"You can buy a vintage Bentley at auction, find the engine doesn't work properly and then spend £50,000 to repair it," he said.

The auction houses Sotheby's and Christie's would argue with this view as they tend to describe the state of the car in a certain amount of detail in the catalog. They charge the vendor 10 percent and the buyer 15 percent up to a lot value of £30,000, after which the buyers' charge falls to 10 percent.

Malcolm Barber, a senior director at Sotheby's who heads up the vintage and classic department, believes the market has stabilized and is now back to pre-1989 levels.

"It is now supported by the enthusiasts as it always was before it became unbalanced towards the investors who wanted an increase by the following year. They were not connoisseurs and did not take care of the cars so they often went down in value," he said.

Inter-EC trade is helping the market to stabilize. With the single market, a Belgian customer can buy a car in Britain and have no extra taxes to pay as long as that car is registered within the European Community. But this does not apply to the United States. Interestingly, a lot of English cars that were sold to Americans in the 1950s have come back to Britain, and as long as the owner can prove they were registered here, there is no VAT to pay as it is classified as a "used car."

Mr. Kidston of Coys pointed to the international character of the market. "A lot of cars have done more miles in the air than by road as they come back and forth from various countries depending on the strength of currencies and such factors," he said.

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1985	\$18,632
1984	\$13,539
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October - Mid December 1993 Volume 9, Number 3

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THE MONEY REPORT

Stamp Prices Higher, Collectors Savvier

By Philip Crawford

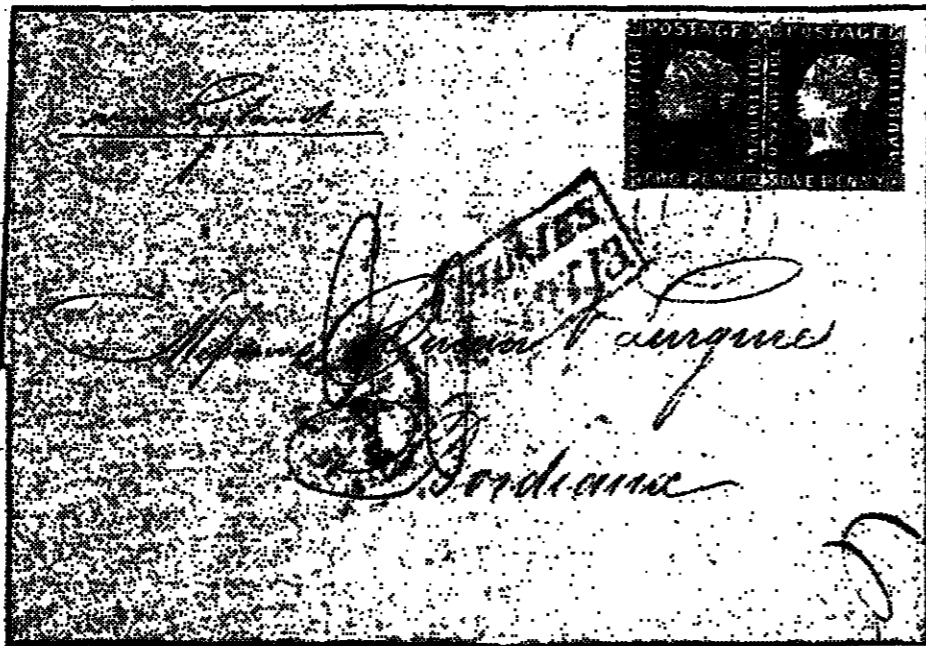
PERCEIVED by many as the tame, bookish sister to the more glamorous picture market, philately has found suitors somewhat difficult to attract since its late '70s flowering, when investors were pursuing stamps as ardently as growth stocks.

But the events of the past two months may galvanize philately's slowly returning appeal to collectors and investors who, according to some experts, are entering dealer shops with a level of philatelic knowledge not seen for years. The stamp world seems even to be mirroring the equity market, in that its "hot," high-growth area is currently Asia and the Far East.

In late September, the auction of the Ryohhei Ishikawa collection of classic United States stamps at Christie's in New York brought \$9.2 million, including \$717,500 paid for a cover (an envelope with stamps affixed) featuring five 1847 five-cent "red-crown" stamps. Then, history was made on Nov. 3 in Zurich when an anonymous buyer shelled out a reported 5.75 million Swiss francs (\$3.8 million) for one of philately's acknowledged treasures, the 1847 "Mauritius Post-Office Issue Bordeaux Cover," part of the famed Hiroiyuki Kanai collection. The purchase, made at the annual auction of the Geneva-based philatelist David Feldman, set a record for a single item.

Despite a modest renaissance in some areas of the stamp market in recent years, experts expressed astonishment over the price fetched by the Bordeaux cover. There is a wide range of opinion, moreover, on what that event and the success of the Christie's sale will do for the market going forward. But most analysts have similar advice for collectors and investors interested in entering the market for the first time or in increasing their holdings.

Mr. Feldman, perhaps not surprisingly, is one of those who feels the overall market will be boosted by the price paid for the Bordeaux cover. "It's fantastic," he said. "Everybody's talking about it. I've been getting calls from all over the world. Two other rare 1847 'Post Office Issue' Mauritius stamps were sold



The Mauritius 1847 Bordeaux cover that went for 5.75 million Swiss francs.

at the Feldman auction, a one-penny specimen for 1.4 million Swiss francs, and a two-penny stamp for 1.5 million francs.

"Those are enormously high prices to pay for a single item," said Scott Trepel, president of Robert Siegel Inc., the New York philatelist, referring to all three rarities. "True, Mauritius was the first British colony to issue stamps outside of Britain, and these items were part of the greatest collection, but it amazes me that that kind of money is out there to buy stamps."

Regarding the benefits of such sales to the market as a whole, Mr. Trepel said that fantastic prices for the rarest materials do not necessarily increase trading or stimulate values in the mainstream philatelic world, which most collectors and investors inhabit.

"At half these prices we'd have a great market because we'd have a lot more buyers," he said. "It's volume and the development of new long-term collectors that causes real growth. To me, the prices for top items at auction are much less important than how many people were actually there and interested in stamp collecting. Record prices, of course, can sometimes stimulate general interest."

Keith Harmer, of the New York philatelic firm that bears his family name, said the price reported paid for the Bordeaux cover was "staggering," noting that he did not feel it would drive up the overall market. "Super, top-of-the-line material like that," he said, "transcends normal philately."

A dearth of premium items coming up for sale in the States, said Mr. Harmer, has contributed to the slump in many areas of its stamp market. "People see stories that the market is down, and then decide not to sell," he said. "So perhaps you'll get 10 people with decent collections in one year holding onto what they have."

Other collectors perceive that and say to themselves, 'I'm not going to be the first one to sell and to take it on the chin.' Without good stuff on the market, enthusiasm wanes. You need a good sale every couple of months."

Colin Fraser, of Christie's stamp department in New York, said he felt the global stamp market was at a turning point. "I think collectors are showing more confidence and that we can look toward the next two to three years with justifiable optimism," he said.

Asked whether today's collector was more interested in "pure" collecting or in investment value, Mr. Fraser replied that both concerns came into play. "The new generation of collector appreciates both the intellectual side and the investment side of things," he said. "Let's be reasonable. Anyone spending \$100,000 on a stamp has got to give the financial aspects some thought."

Citing the high level of local interest at recent Christie's auctions in Singapore and Hong Kong, Mr. Fraser said that the undispensed "regions of the moment" in philately are Asia and the Far East. In May, a collection of Thai stamps sold in Singapore brought £1.2 million (\$1.8 million), and last month's sale in Hong Kong of classic local and Chinese stamps realized 11 million Hong Kong dollars (\$1.4 million). While those amounts are considerably smaller than those realized at the recent New York and Zurich sales, experts note, the offerings have also been much smaller.

"There's a lot of money in that part of the world looking for things to do," said Steve Matthews, a buyer at the London philatelic firm Stanley Gibbons Ltd. "At least part of the stamp market boom there is related to the boom in many regional economies."

Market in Coins Is Again on the Upswing

By Aline Sullivan

THIS week the Hong Kong dollar was trading at about 8.75 British pence in the London foreign exchange markets. And yet just a month earlier the owner of a single Hong Kong dollar bill had exchanged it in London for £26,000 (\$39,000). Such is the premium paid for rarity. The Hong Kong dollar bore the serial number A0001 and was the first Hong Kong dollar bill to roll off the presses back in 1935. The London auction house Sotheby's, where the bill was sold, had predicted the bidding would reach £5,000. Sotheby's pre-sale estimate was exceeded more than five fold.

Few collectors of notes or coins are so fortunate. But prospects are at last looking up for a market that has stagnated in recent years. Dealers and auctioneers report that good items are selling well.

"It is a hot market now and there is money to be made," said Adam Croton, managing director of Glendining's, the London coin specialist owned by the auction house Phillips. "But it is difficult to find sellers. There is a perception that the recession is still going on." Collectors have had good reason to be wary over the past decade. Coin values soared in the late 1960s and early 1970s when people started buying coins as a hedge against inflation. Many of these new investors were sorry later. Values collapsed in the mid 1980s, when the silver market foundered, and have been stagnant since.

"All sorts of people jumped on the invest-

ment bandwagon," said James Morton, head of coins and medals at Sotheby's in London. "There was a big surge in prices which was not a true reflection of the market. Then people were left with coins they couldn't sell."

Will this time be different? Dealers and auctioneers say they are seeing higher prices for good-quality coins, and many agree that there is money to be made in the market now, both for sellers and for buyers anticipating further gains. But prospective collectors should make sure they are paying the right price for their coins.

"I don't want to see a repeat of what happened before," said Mr. Morton. "Ignorant people were suckered into buying a lot of junk and then got stuck with it." Collectors should consult experts in the field, preferably members of the International Association of Professional Numismatists. "There are a lot of glossy brochures coming out from people no one in the trade has heard of," he said. "Stay away from those."

New collectors tend to focus on their home markets and later branch out into other national coins. This instinct is sound, experts say. "People should start a collection with a theme," said Mr. Croton. "Buy the best quality that you can afford and get to know one area before you look at others."

Japanese gold coins from the 19th and early 20th century have tumbled in value in recent years as the country's economy turned down. But newfound prosperity in the Far East is helping to promote sales in that region, particularly of rare coins, auctioneers say. According

to Mr. Croton, Southeast Asian coins have made up to seven times their estimates in recent auctions.

At the same time, recession in Europe has provided collectors with some good opportunities to invest in coins. "Most European coinages have not gone up over the past five years in value," said Richard Bishop, coin expert at the London auction house Spink & Son, now part of Christie's International. "There are now very good buys for collectors in the French, Dutch and English markets."

Sotheby's Mr. Morton is advising collectors to buy good quality English medieval and modern (post-1662) coins, which he believes are currently undervalued. Modern coins are so designated because in the late 17th century governments began milling coins by machine, rather than hammering them out by hand.

Of course, there may be an easier way. In 1990, a board of English hammered coins was formed in Reigate, in southern England, by an individual using a metal detector. The hoard, which included 126 gold coins and over 6,000 silver coins dating from the 1350s was sold at Glendining's in December 1992 for £177,000 — substantially over their face value of £120.

Collectors resigned to paying for their coins can start by spending as little as £10 or £15 for silver coins, the traditional route into collecting by schoolchildren, and about £70 for a gold coin, said Mr. Croton.

Not everyone starts young. Auctioneers say they often see people who have inherited a substantial amount of money and want to spend a good chunk of it on coins which they believe will provide a hedge against inflation.

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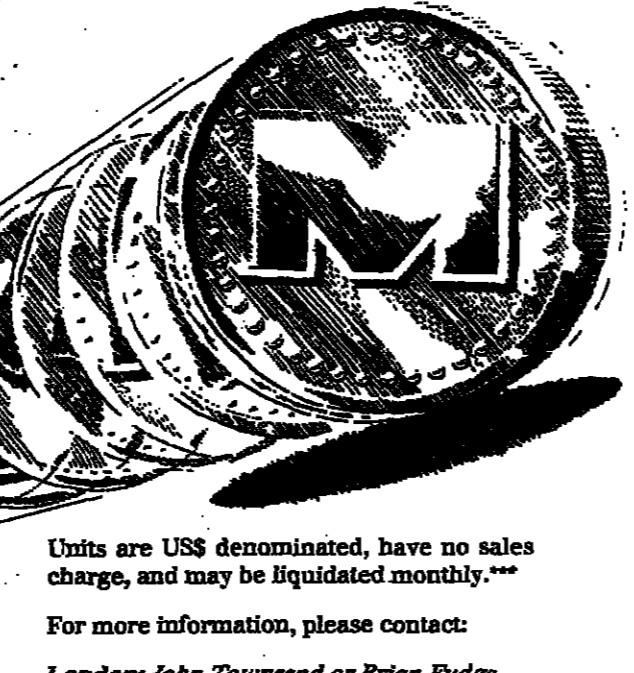
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THE MONEY REPORT



Muscling around barrels of whisky, some owned by private investors, at the Springbank Distillery.

Have Your Scotch, and Drink It Too

By Faith Glasgow

ON vivres take note: In 12 years' time, for roughly the cost of a couple of bottles of expensive wine, you could roll up to dinner parties and present your host with a bottle of your own limited edition, first class malt whisky, complete with customized label.

Liquid assets are nothing new, as wine investors know. But buying whisky en primeur as an investment has value, not only as a conversational novelty but also as a potential source of profit. Although the market is awash with blended scotches, premium single malts are growing in popularity and some of the finest have been in short supply in recent years.

Casks of maturing whisky, known in the trade as fillings, have become increasingly difficult for individuals to find — a consequence of the whisky industry's domination by a handful of giant conglomerates who own and run almost all the distilleries. Commercially sold malts depend on consistency, and some must be standardized by mixing barrels, adding caramel for color and sweetness, and chill-filtering to get rid of the floating, but flavorless, dregs. But business is reluctant to relinquish control over precious new fillings and risk rogue bottlings slipping onto the market.

An exception to the rule is Springbank, one of the last family-owned and run distilleries, based in Campbeltown, Scotland. The company sells 256-liter barrels of whisky to private investors. The company is something of a pioneer in the market, according to John Melhuish, a manager at the wine merchant Tanners of Shrewsbury (which offered a limited stock of Clynelish and Mortlach Highland malts in casks last year). "As far as I'm aware," Mr. Melhuish said, "Springbank is the only ongoing scheme in operation, but occasional one-off opportunities do arise to buy casks through wine merchants like ourselves."

THE financial trade-off is a good cash flow for the company, which no longer has its capital tied up for more than a decade in maturing casks, against a premium whisky investment for the purchaser.

But is it a good investment? Would-be buyers need to think very carefully about a number of

factors common to any investment before committing themselves. On purely financial criteria, investing in a cask of whisky fails an important test: The market, on the supply side at least, is somewhat thin.

As with any commodity, market conditions will dictate the value of the mature cask. Supply of Springbank — which industry observers say is highly prized by blenders of Scotch who use malt to flavor their concoctions — is limited by the fact that the distillery malts its own barley, and can only produce a certain amount at any one time.

So much for supply. Demand, meanwhile, is currently growing. Industry professionals say

Demand is growing. Industry professionals say that 40-year-old bottles of malt whisky can fetch as much as \$2,250 in the Far East.

that 40-year-old bottles of malt whisky can fetch as much as \$2,250 in the Far East.

But the price of individual bottles is a little misleading. The real market for the financially orientated investor is in bulk whisky. Investors can wait for their whisky to mature, or can sell their casks on the bulk whisky market at any time. The market is highly competitive, with such major players as the Scottish Malt Whisky Association and such wine merchants as Oddbins vying for the best bargains.

As with any investment, the timing of both purchase and sale is extremely important.

Investors wanting to sell are not, of course, obliged to wait for maturity. Overall, though, whisky market specialists argue that it makes sense to sit tight until the glorious day of maturation dawns, when investors have several options.

One option is to have it all bottled and sold. Another is to leave the bottled whisky where it is and withdraw it by the case, applying VAT and duty in small chunks. A third option is to leave the whisky in the cask. It can be drawn off and bottled a third at a time.

The current cost of bottling is around £360

for a hoghead, with British taxes of about £6.50 a bottle, payable when the whisky comes out of bond. All in, at today's prices, investors pay around £11.50 a bottle.

Another factor for investors to consider is the effect of Britain's value-added tax and import taxes. Any predicted return can only be a rough guide, but Stephen Williams, vice president of the investment bank J.P. Morgan, has calculated an 18 percent return, based on a 12-year investment and assuming that Springbank's current retail prices of about £29 (\$45) in Britain can be maintained.

A further possibility is to send the bottled whisky, still in bond, direct to France, pay French duty (less than half the British tax levied on alcohol). But then, of course, you could only take it out of the country as part of an individual duty-free allowance.

Those who really have an aversion to paying duty might consider sending the whisky to Greece (where duty is about 5 percent of the British tax), but the distance and expense of shipping hardly make this a practical possibility.

THERE is another important consideration which is not purely financial: The quality of the product.

The initial quality of the whisky depends on the type of cask you choose. Whatever liquor the barrel contained in its previous life imparts its flavor to the maturing whisky. A bourbon cask of a new filling costs around £950, and produces a pale and elegant spirit. Sherry butts (twice the size of the 256-liter hoghead) give a darker and sweeter result.

A fresh butt imported from Jerez — yielding the strongest sherry overtones — costs around £2,250. A "remake" hoghead at £1,000 — sherry and bourbon mixed — gives the best of both worlds, according to some connoisseurs. Those prices, which investors must pay, include 10 years of storage and insurance at Springbank.

Investing in whisky, when subjected to financial analysis, is clearly one of the more exotic ways of making money. The only way investors can be sure that they won't lose out is non-financial. Those who can assure themselves that if the bottom falls out of the market they will be happy to have their own whisky to drink and give away really can't lose — providing they like the taste.

The Peculiar Appeal of Phone Cards

By Ann Brocklehurst

IN the world of collectibles, telephone cards are among the hottest emerging markets of the past decade. The little plastic cards used instead of money to make calls from public phone booths are now issued in 165 countries and traded actively in Asia and Europe. The trend is also catching on in the U.S. where the American Numismatic Society has just given telephone card collecting its official blessing.

Even though card collecting became popular almost immediately after the birth of the telephone card, many early cards were thrown out by people who simply weren't aware of the phenomenon. As a result, standard-issue cards produced as recently as three to five years ago can easily be worth five to 10 times their original face value. The most valuable cards sell at auctions for \$6,000 to \$7,000.

A card's value is determined by its rarity, the type of technology it uses and its appearance. Cards can feature anything from original artwork to reproductions of postage stamps to a Michael Jackson photo. Their face value varies but tends to range from 31 to 33¢.

Steve Hiscocks, a former philatelist who

edits the magazine "International Telephone Cards" and compiles catalogs, says cards are "really the first worldwide collectible to be invented since stamps. All respectable collectibles — stamps, coins and notes — are some form of money and that's what telephone cards are."

Mr. Hiscocks, who lives and works in Surrey, England, thinks card collecting has a good future ahead of it so long as pay phones are not superseded by more modern technology. "A new development could obviate the whole thing," he said. "If everyone had a personal phone in his pocket there would be no need for pay phones at all." In that unlikely event, he added, there would be no new material to collect and very few new collectors, which would cause the market to stagnate quickly.

Whether the increased interest in card collecting in the United States will boost world prices remains to be seen. But as American phone companies are switching over to card-operated phones from coin and credit machines, American cards are becoming better looking and more sophisticated. The market will be a very different one from European ones where national telephone companies or a small group of firms have a monopoly on production. In the United States, there are

already 100 companies issuing cards, Mr. Hiscocks said.

Due to the dearth, until recently, of telephone-card collectors in the United States, many of the early American cards are now in Germany. With some 150,000 collectors willing to spend lots of money on their hobby, Germany is the market in the world. But because of its recession, prices have dropped considerably over the past year.

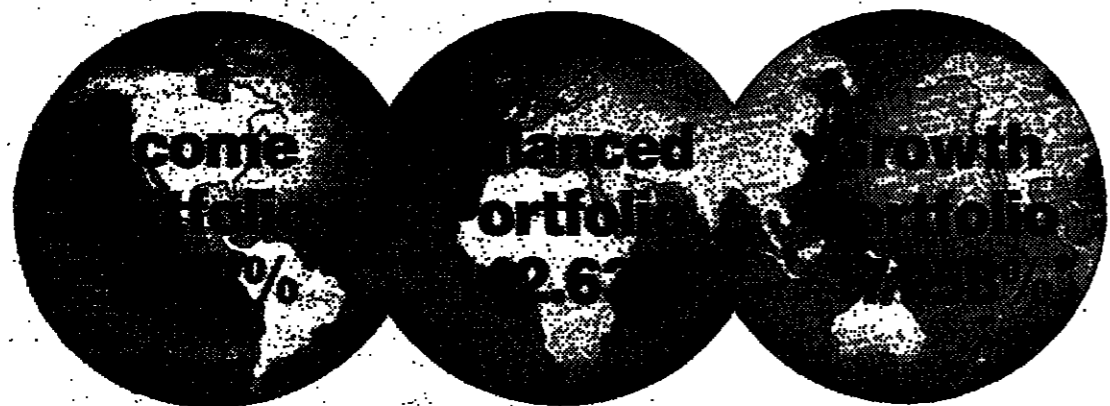
"From 1988 to 1992, prices moved higher almost daily. Until 1992, there was no risk. One month later you had a 100 percent, 200 percent profit," said Joachim Hofmeister, who organizes telephone-card auctions and trade fairs and publishes a magazine from his Berlin offices.

In Germany, most cards were bought for speculation and not hobby collecting. In the resulting high-turnover market, it was only the large numbers of new buyers that kept prices moving upwards.

New and strong markets in the Pacific rim are Singapore, Hong Kong, Thailand, Australia and New Zealand. In Europe, France has a smaller but older market than Germany and card collecting is growing rapidly in Italy, Scandinavia and the Benelux countries. The cards are sold in special card stores, in stamp shops, and at flea markets, trade fairs and auctions.

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SPORTS

Blazers Humble Bulls, 120-98

The Chicago Bulls have known since before the season started that they would miss Michael Jordan. Losing Scottie Pippen, John Paxson and Scott Williams was too much.

The Bulls lost their third straight game Thursday night, and this time it was a serious rout. Chicago

led Chris Gatling's 19 points and 10 rebounds.

The Warriors outscored the Lakers 84-48 in the final three quarters, turning a 28-19 deficit into a 74-61 lead by the end of the third period.

The Lakers hit just 12 of 29 shots in the two middle periods. Their 76 points are the fewest by a Golden State opponent since the Warriors beat Boston 97-75 in 1971.

NBA HIGHLIGHTS

Trailled by as many as 37 points in the second half at Portland before losing 120-98, the Bulls' most one-sided defeat by the Trail Blazers in their history.

"We were totally unprepared for this game," said Chicago's coach, Phil Jackson. "It was very disappointing. It is obvious the Blazers were anxious after the last couple of seasons to give us a licking and they surely did that, and then we seemed to get for more."

The Bulls, three-time champion, fell apart in the second quarter. The Trail Blazers shot 68 percent from the field and outscored the Bulls 35-15 in the period, taking a 64-36 halftime lead. Chicago committed 10 turnovers in the period.

"It felt like the Blazers of old," said Cliff Robinson, who led Portland with 21 points in 27 minutes. "We were able to defend, get to the boards and convert off the break. We kept the pressure on them, and we kept pushing it down their throat."

Steve Kerr scored 16 points and Horace Grant 14 for the Bulls, whose previous biggest loss to Portland was by 16 points in 1983. Clyde Drexler had 19 points and Rod Strickland 14 points and nine assists for Portland, which out-rebounded Chicago 59-38.

Warriors 103, Lakers 76: Golden State won its first home game in four tries, routing Los Angeles be-

hind Chris Gatling's 19 points and 10 rebounds.

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The Lakers hit just 12 of 29 shots in the two middle periods. Their 76 points are the fewest by a Golden State opponent since the Warriors beat Boston 97-75 in 1971.

Gatling was one of six in double figures for Golden State, and one of four with 10 or more rebounds.

Clippers 88, Mavericks 84: Los Angeles beat visiting Dallas for the eighth straight time, behind Ron Harper's 28 points.

The Mavericks, with the NBA's only all-rookie front court in Jamal Mashburn, Popeye Jones and center Darren Morningstar, fell to 1-6.

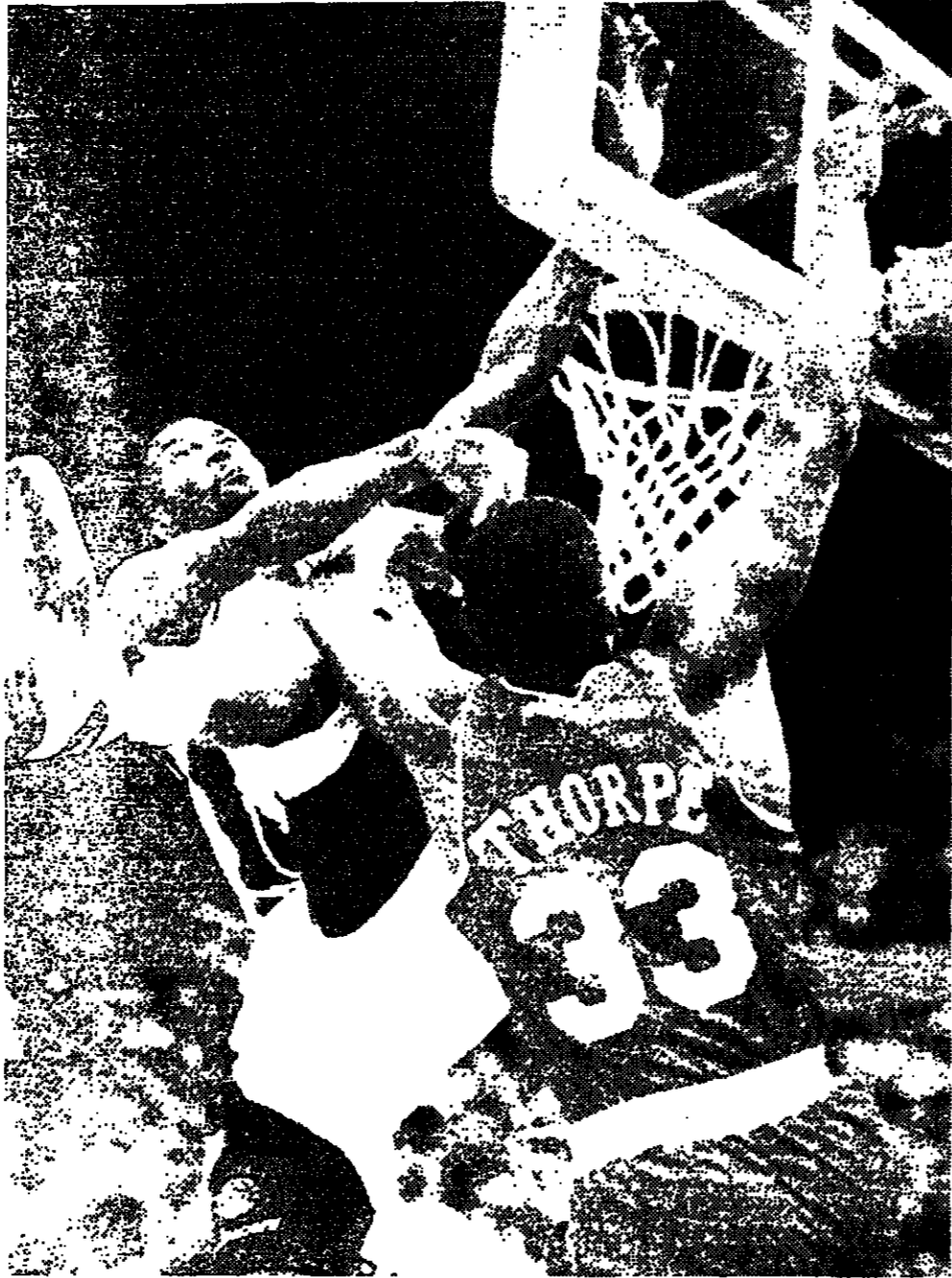
Rockets 99, Pacers 83: Houston improved to 8-0 overall and 5-0 on the road behind Otis Thorpe's 24 points and 11 rebounds, including 16 points in the pivotal third quarter at Indiana.

The Rockets, who have yet to allow 100 points in a game, also got 19 points and 10 rebounds from Hakeem Olajuwon, whose five blocks moved him into third place on the NBA career list with 2,476.

Nuggets 100, Cavaliers 93: Mahmoud Abdul-Rauf had 22 points and Bryant Stith scored seven of his 20 in the final 3:56 for Denver against visiting Cleveland.

Reggie Williams dunked with 2:40 left and the Nuggets ahead 92-91. Williams' free throw at 1:54 made it a two-point lead, but Mark Price tied it 93-93 with a running jumper from the lane with 1:36 left.

After a Denver turnover, LaPhonso Ellis blocked a shot by Cleveland's Chris Mills and Stith converted a layup on the fast break to put the Nuggets ahead 95-83 with 50 seconds left.



Indiana's Dale Davis used acrobatics to block Otis Thorpe, but Houston won its eighth straight game.

No Merger In Britain, FIFA Says

LONDON — FIFA world soccer's governing body, angrily denied on Friday suggestions that it would welcome a merger between the four British soccer associations to form one British team to play in future major tournaments.

British papers were suggesting the idea on Friday after England, Scotland, Wales and Northern Ireland all failed to qualify for next year's World Cup finals in the United States. One newspaper quoted an unnamed FIFA official as saying FIFA would welcome the idea of a British merger.

But in a telephone interview from Zurich, Sepp Blatter, FIFA's secretary general, denied that FIFA would make any move to change the independent status of the four British associations.

"Newspaper reports quoting an unnamed FIFA source that FIFA would welcome a British team competing on the international stage are absolute rubbish," Blatter said.

He added: "FIFA's official line is very clear on this point. There is no move in any way to change anything regarding the status of the four British associations."

A Welsh court on Friday ordered that two brothers charged with murder in the death of a fan killed by a rocket at a World Cup qualifying match be held without bail for one week. The Associated Press reported from Cardiff, Wales.

Andrew McAllister, 30, and Kerry Still, 34, are charged with the murder on Wednesday of John Francis Hill, 67, who was hit by a high-velocity distress rocket during the final moments of Wales' 2-1 loss to Romania. Two other men arrested in connection with the killing were released without charge.

Maradona in U.S.: Hand of Destiny?

By George Vecsey
New York Times Staff Writer

MILAN — It was destiny. We get Italy. We get Ireland. We don't get the English thing but we do get Diego Armando Maradona.

He was always coming to the World Cup, but he waited until last because that is what megastars do. They hang out until everybody else is assembled and then they traipse casually into a crowded room and they get their eyes and they ask, "Oh, my goodness, was everybody waiting for me?"

Yes, they were waiting. Twenty-three nations had already qualified for the 1994 World Cup of soccer, the biggest sports tournament on your globe or mine. Very late on Wednesday night, the whole world was curious how Diego Armando and his Argentine teammates would get past Australia.

He is our kind of guy — a swaggering rogue, Pete Rose without the charm, Reggie Jackson without the IQ, Michael Jordan without the aerodynamics, Joe Montana without the looks. A chunky, swarthy, arrogant superstar.

This is the man who callously punched the ball into the goal against England during the 1986 World Cup. Only one person in the entire universe missed what Diego Armando last perpetrated, and that was the referee. Later, Diego Armando attributed the goal to "the hand of God." Ah, yes, but God helps those who help themselves: Diego Armando does it his way.

He has leaptfrogged from clubs in Buenos Aires, Barcelona, Naples and Seville, leaving fans and club officials and contracts and legal matters in his wake. He set out 1991-92 because of a drug conviction.

Last year when some punks roughed up his old Naples teammates on their practice field, Maradona advanced the theory that the owner arranged it because the players were having a bad year. A man who punches the ball in the goal is quite likely to see plots everywhere.

Unless he messes up in the next seven months, gets kneecapped for some private transgression, he is coming to America, and all its riches. The corporate vessels must do something with the money they were throwing at Michael Jackson. All they needed was for Diego Armando to think of something.

Would it be one brilliant flick of a lead pass, the way he helped beat Brazil in the round of 16 during the 1990 World Cup? Would it be a booming penalty kick during a shootout, the way he helped beat Italy in the 1990 semifinals? Would it be a hipper-di-ppier goal, like the other one he scored through the entire Coldstream Guards in 1986?

No, this time at a well-rounded 33, he distracted Australia with his vintage moves, and in the 60th minute he allowed Fernando Redondo to feed Gabriel Batistuta, whose shot ricocheted off Alex Tobin, an Australian defender, for the only goal of the evening. After which, Diego Armando said, "We deserved it. I advanced the ball to the strikers." But you knew that.

Now the cast is complete. Twenty-four teams, some surprises like Norway, Switzerland, Greece and Bulgaria, some mainstays like the three-time champions from Italy, Brazil and Germany, plus the United States as the host team, chosen for its telephone system rather than its soccer network.

St. John's Sees Streak Ended by Towson State

The biggest names on the left side of Towson State's won-loss ledger had been Richmond and Jacksonville.

Sure, there were close NCAA tournament losses to Oklahoma and Ohio State, but there just weren't any big-time notches on the belt. Until Thursday night.

That's when Towson State went into Alumni Hall in New York and handed St. John's a shocking 66-65 loss in the first round of the Preseason NIT.

Gone was St. John's 23-game home winning streak. Gone was a 62-game run over nonconference opponents at home. Gone was the perfect record at Alumni Hall after 25 home openers. It was only the second season-opening loss for St. John's since 1927.

On Saturday night, Towson State will be at Massachusetts and Georgia will be at Minnesota in second-round games. On Friday, No. 19 Cincinnati will be at No. 1 North Carolina and No. 6 California will be at No. 9 Kansas.

The semifinals are Wednesday at Madison Square Garden in New York, with the title game two nights later.

Towson State led 50-42 with 12:39 to play, but the Tigers looked like they were in trouble when St. John's tied it with an 8-0 run over the next 2:11.

The Tigers, 15-point underdogs, led 65-60 with 2:44 left and managed to hang on despite scoring one point the rest of the way.

No. 10 Minnesota 70, Rice 61: In Minneapolis, Voshon Lenard was 5-for-18 from the field but finished with 18 points to lead the Golden Gophers, who won last year's post-season NIT.

No. 22 Massachusetts 68, Cleveland St. 60: In Amherst, Massachusetts, Mike Williams scored 23 points and was the lone bright spot offensively for the Minutemen, who shot 38 percent from the field and 43 percent from the free throw line.

Georgia 89, Alabama 67: In Athens, Georgia, Shandon Anderson had 22 points, seven rebounds, seven assists and six steals in just 29 minutes as the Bulldogs cruised.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE Atlantic Division			
Team	W	L	Pct
New York	7	1	.875
Boston	5	2	.714
Miami	3	2	.600
Orlando	4	3	.571
Washington	3	3	.500
New Jersey	3	5	.375
Philadelphia	2	4	.333

WESTERN CONFERENCE Midwest Division			
Team	W	L	Pct
Houston	8	0	1.000
Utah	4	2	.667
San Antonio	4	4	.500
Denver	3	4	.429
Atlanta	1	4	.200
Dallas	1	4	.200

NHL Standings			
EASTERN CONFERENCE Atlantic Division			
Team	W	L	Pct
New Jersey	14	4	.778
N.Y. Rangers	13	5	.722
Philadelphia	13	6	.688
Washington	9	10	.476
Florida	7	10	.412
N.Y. Islanders	4	12	.250
Tampa Bay	4	13	.235

NHL Standings			
WESTERN CONFERENCE Central Division			
Team	W	L	Pct
Toronto	14	4	.778
St. Louis	11	4	.722
Chicago	10	7	.594
Dallas	9	8	.529
Minnesota	8	10	.441
Edmonton	3	15	.167

NHL Standings			
WESTERN CONFERENCE Pacific Division			
Team	W	L	Pct
Calgary	14	4	.778
Los Angeles	9	8	.529
San Jose	4	12	.250
San Jose	3	15	.167

TRANSACTIONS

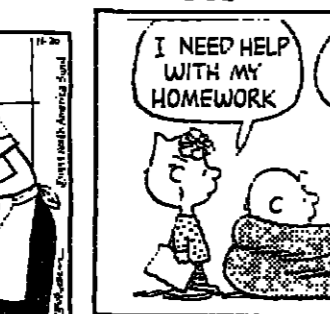
BASKETBALL
National Basketball Association
INDIANA — Pat Derryck, forward, returned to Indiana.
L.A. LAKERS — Activated Kenny Cammett, forward. Pat Trevor Wilson, forward, on injured list.
MIAMI — Placed Keith Adkins, forward, on injured list. Activated Alec Kassar, forward, from injured list.
MILWAUKEE — Put Frank Brickowski, forward, on injured list.
WASHINGTON — Activated Georgehoran, center.

FOOTBALL
National Football League
BUFFALO — Signed Jerry Ostrick, offensive lineman, to practice squad. Released Chris Holder, wide receiver, from practice squad.
PHILADELPHIA — Signed John Breen, linebacker, to 1-year contract. Released Gerald Nichols, defensive tackle.
TAMPA BAY — Put Anthony McDowell, tightback, on injured reserve. Activated Steve Love, offensive lineman, from practice squad.

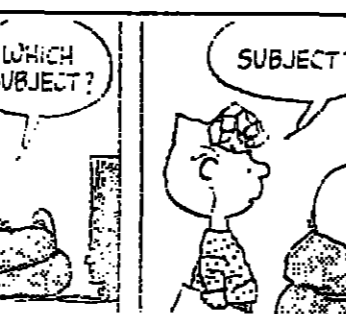
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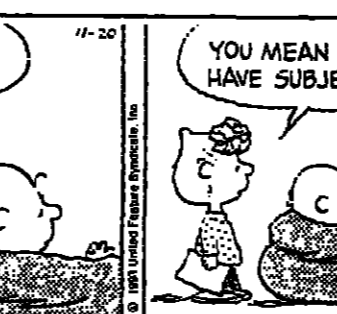
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CALVIN AND HOBBES



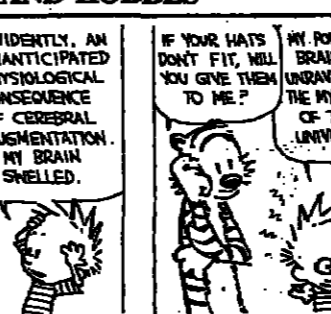
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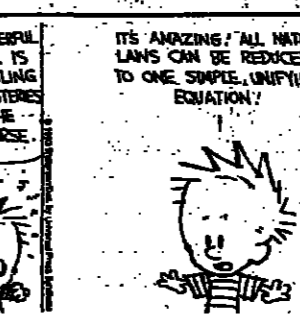
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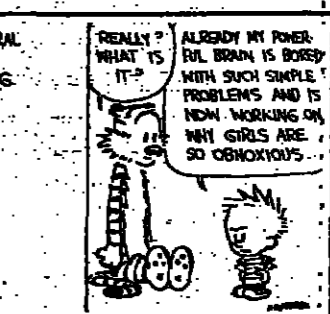
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DAVE BARRY

Hooray for Lawyers

I AM—I am sick and tired of all this lawyer-basting. I hear somebody say something about lawyers, it makes me want to walk up and spit in his face, thereby causing him to shove his face in my hand and file a \$17 million personal injury lawsuit against me.

So the lawyer told the guy: "Gosh, Meyer, nothing really happened. Why don't you just forget about it?"

And of course SmithKline, to avoid the hassle and publicity and legal expense of a trial, settled out of court. Three groups got money in the settlement.

1. MR. DUBOFF. He got \$25,000. Fair enough. It was his idea in the first place.

2. THE OTHER DENTURE-ADHESIVE VICTIMS. They were notified of their victimhood via newspaper advertisements and direct mailings paid for by SmithKline. About 650 people sent in proof that they had purchased Orafix Special or Bracer; each of these people received \$7. An additional 8,000 people—who did not have proof of purchase—filled out forms certifying that they had purchased at least one tube of either product; each of these people received a package of discount coupons for SmithKline products.

3. THE LAWYERS FOR THE PLAINTIFF. If you are a fan of Justice, American-style, you will be very excited when I tell you what the lawyers got in expenses and legal fees.

They got \$954,934.57.

"It's a lot of money," said Cohen. "But there's also a lot of money that goes into these cases."

I am sure there is! A lot of money! Also a lot of work! It cannot be easy, taking a case wherein it appears, to the naked untrained layperson eye, that nobody has suffered any observable harm and, using legal skills, turning it into a financial transaction that involves thousands of people and a million dollars! Plus coupons!

Knight-Ridder Newspapers

'We'll Eat Again': Tales of Rationing

LONDON — Winston Churchill in his boiler suit, Spitfire pilots, Vera Lynn singing in her choirboy voice "We'll Meet Again" and "The White Cliffs of Dover" (an ornithological oddity since the bluebirds of the lyric are not native to Britain), dead German rockets when victory was in sight: To these familiar World War II icons must be added Woolton pie, Dr. Carrot and Potato Pete.

The national gift for nostalgia is currently enhanced by an exhibition at the

MARY BLUME

Imperial War Museum on wartime food rationing, a subject other countries would sooner forget. The museum's gift shop has for some time sold a book of grisly 1940s recipes called "We'll Eat Again," to which have now been added packets of "Dig for Victory" radish and onion seeds, facsimile ration books at £1.25 each, and souvenir cards of dried milk and dried eggs ("dried eggs made good cakes and puddings but omelettes looked gray and were not appetizing").

The popular exhibition, "The Wartime Garden and Kitchen" (until May 2), has been accompanied by an eight-part television series in which a homey woman in an old-fashioned apron demonstrates such wartime skills as drying apples ("You know when they're done if they feel like leather") and by newspaper articles, for one of which a leading chef of today made a Woolton pie, a mix of root vegetables and oatmeal named after the popular food minister Lord Woolton. "I really think it would be perfectly eatable," the leading chef said.

At the time it had to be. In 1939, when war began, two-thirds of Britain's food came from abroad. Ration books were issued shortly after the war started although rationing did not begin until January 1940. Supplies arrived on land-lease from the United States and from the dominions, but Britain had rapidly to become self-sufficient, and it did.

Rationing was an unqualified success and literally transformed the country. With an equally distributed, inexpensive and well-balanced diet the health of the poorer classes improved (in 1939 half the people of Britain suffered from some degree of malnutrition), and the better off benefited from now-fashionable emphasis on fibers and carbohydrates. A group of adults who in 1989 lived for six weeks on a wartime diet showed a significant drop in cholesterol and a slight reduction in weight.

Land used for growing crops increased by 6 million acres (2.4 million hectares), to 18 million acres in 1945 (the royal family's Great Park at Windsor became the largest wheat field in Britain), and farmers were given instruction in modern mechanization and marketing. By

BETTER POT-LUCK



THAN HUMBLE PIE



DON'T WASTE FOOD!

This World War II poster in an exhibition at Britain's Imperial War Museum recalls the belt-tightening and rationing of wartime — and some of the surprising things that resulted.

1944 the amount of food produced by British farmers had risen by 70 percent and at the war's end Britain was in proportion to agricultural acreage, the most highly mechanized country in the world. Anderson shelters in people's backyards not only offered protection from bombs but the soil that covered their roofs was used for growing marrow and lettuce while conditions inside were sometimes ideal for growing mushrooms and rhubarb. Young women joined the Land Army — 80,000 of them by 1944 — and V. Sackville-West wrote a propaganda book in their praise ("Instead of her silks and georgettes she wears wool and corduroy and clamping boots"). The exhibition includes reconstructions of wartime

kitchens and grocers' shops, tins of Spam, a facsimile of the National Wheat Loaf, a dirty-beige colored bread, healthy but detested, a woman's scarf decorated with perky vegetables wearing military caps and a solemn still life of salt cod and dried eggs entitled "Let Us Forget, 1945."

The same year, she described a Potato Christmas Fair in the gutted shell of John Lewis's Oxford Street store, sponsored by Potato Pete, the Ministry of Food's creation to encourage Britons to eat more home-grown tubers (a pound a day) instead of bread.

"The show was visited on its opening day by Lord Woolton, by a baby elephant called Comet, who proved too heavy (perhaps from too much patriotic spud-eating) to be able to negotiate the wooden gangway down into the wrecked basement, and by hordes of the public who dutifully received hot baked potatoes from Father Christmas."

In a country so gifted at playing Let's Pretend, bland wartime fare was given such names as Mock Goose, Mock Hare, Mock Marzipan and Mock Fried Egg. There was the inspiring Vitality Mould, Alarming Peanut Salad (peanut butter, mashed potato, beetroot or tomato), unconvincing Oatmeal Sausage and dishes calling for a mighty suspension of disbelief such as Vinegar Cake and Mock Apricot Flan ("the carrots really do taste a little like apricots"). It was even claimed that mashed parsnips flavored with banana essence would be difficult to distinguish from the real fruit.

The war ended in 1945; rationing did not. By the end of 1947 weekly rations were below the wartime average. In 1946, bread, which had not been rationed during the war, went on the ration for two years. Bread rationing, Peter Hennessey wrote in "Never Again: Britain 1945-1951," was introduced for remarkably altruistic reasons, to help alleviate famine in Asia and defeated Germany.

New dishes were introduced with small success, whale meat and a ham-and-like fish from South Africa called sock. Tea was rationed until October 1952; cream, eggs and sugar until 1953.

By the mid-1950s Germans were drinking five times as much sparkling wine as before the war and consuming considerable quantities of caviar. Britain was still living austerely. For the coronation of Elizabeth II in 1953, there was a big debate over whether the tradition of roasting a whole ox would be followed.

Finally it was. But meat did not come off the ration until June of 1954.

PEOPLE

World's Tallest Tale: Liar Outdoes Himself

Two times a liar: Derek Martin, a retired British engineer, is the Biggest Liar in the World for the second year in a row after he spun a tale about a Chinese bid for the Olympics and gold medals. Or something. "His tale was fearfully complicated. I'm not sure I want to hear it another time," said a spokesman for the contest, which is held every year at the Bridge Inn near Gosforth in Cambridgeshire. Last year, Martin, 48, was second with a story about multi-legged chickens, and third prize went to John Graham, who told what happened when his turkey fell in love with a helicopter. Guess you had to be there.

Jackson Browne was served rice and water at a banquet in Boston honoring him for his work on behalf of the poor in Central America. The singer received the Orlan America Fairness Award from the relief organization Orlan America.

Frank Sinatra's hometown is in the running for a library and museum that would chronicle the rise to stardom of the skinny, blue-eyed kid from New Jersey. His daughter, Nancy Sinatra Lambert, was courted by Mayor Anthony Russo of Hoboken, and the two toured a possible site. Lambert, who is negotiating the project, also is considering New York and Washington.

The Kennedy family is selling the Palm Beach, Florida, estate that once served as the "White House" and was also the backdrop for a rape case. The asking price is \$7 million. Joseph and Rose Kennedy bought the property in 1933. In 1991 a woman accused William Kennedy Smith of raping her on the beach in front of the property. He was acquitted.

Grunge rocker Eddie Vedder was booked on misdemeanor charges after a bar brawl in New Orleans in which his friend, Jack McDowell of the Chicago White Sox, was knocked unconscious by the bouncer.

INTERNATIONAL CLASSIFIED Appears on Pages 6, 7 & 8.

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

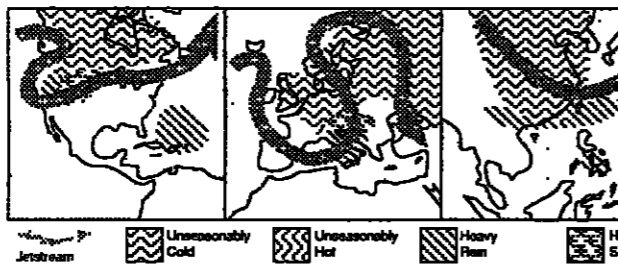


Table with weather forecasts for various regions: North America, Europe, Asia, Africa, Middle East, Latin America, and Oceania. Includes high/low temperatures and weather conditions.

Asia

Table with weather forecasts for various Asian cities: Beijing, Hong Kong, New Delhi, Shanghai, Singapore, Taipei, Tokyo.

Table with weather forecasts for various African cities: Accra, Cape Town, Dar es Salaam, Harare, Lagos, Nairobi, Tunis.

Legend: ☀ Sunny, ☁ Partly cloudy, ☔ Rain, ❄ Snow, ☁ Hazy, ☁ Fog, ☁ Mist.

POSTCARD

For the Children of Mexico City, a Glorious New Maze

By Anthony DePalma

New York Times Service

MEXICO CITY — As one of the biggest, most unattractive, most dangerously contaminated places on earth, this is one tough city to live in, especially for kids.

Some children in Mexico City are trained to tell the toxicity of the air by the red or black flags that fly over their schools. They are drilled on how to handle an earthquake. They can't avoid the thousands of street children who sell gum or beg for handouts at car windows they aren't even tall enough to see into.

Oh, Mexico City is a tough city, but lately, there's been an attempt to tame this monstrous place and make it a little more civilized for the 16 million people who live here. To truly become a first-class city and a world-class economic capital, Mexico City must also address the quality of life, starting with the very smallest lives.

So, on Nov. 5 the city opened a spectacular new children's museum featuring a five-story maze, a musical staircase designed by the same man who did the tap-dance piano in the movie "Big," and a Rube Goldberg-type motion machine that uses bowling balls and at one point runs for 600 feet.

It is already considered one of the largest and most technologically sophisticated teach-and-do museums in the world, the result of intense research, dedicated work and, perhaps more than anything else, a willingness to try to make Mexico City a better place to live.

"We're trying to make Mexico City a more cosmopolitan city," said Juan Enriquez, head of the city's department of metropolitan services, which oversees the museum project. "What this place is about is opening up a world-class children's museum and saying children here are important."

The name of the children's museum is Fapelo. In Spanish it means kite, but in the native Indian language of Nahuatl, it is the word for butterfly.

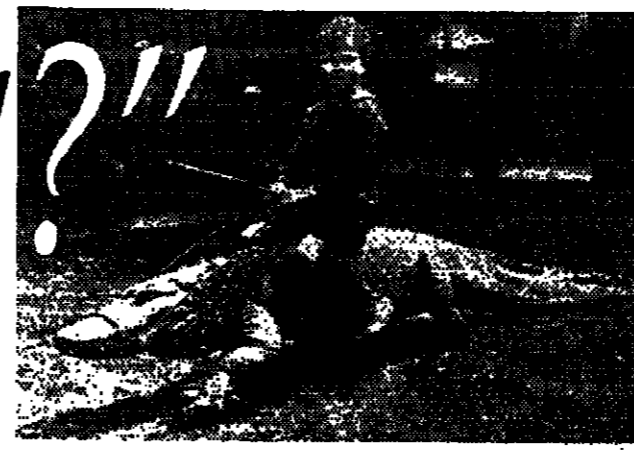
While a new museum fits into the city's scheme for reinventing itself, the political push for the complicated and expensive project came from Cecilia Ocelot de Salinas, the wife of President Carlos Salinas de Gortari. She was especially interested in finding alternate ways to teach young people in a country where most children don't go past the sixth grade. The museum was built on the site of a former glass factory on the edge of Mexico City's central park, almost directly across from Los Finos, the Mexican White House. The architect was Ricardo Legretta, who designed several Camino Real hotels in Mexico. The 33,000-square-foot complex is covered in traditional blue tiles, making it one of the first tile buildings built in Mexico in 100 years.

The sculptor Sebastian donated a huge mobile that — depending on how his viewer looks like either a kite or a butterfly. Located on the city's busy ring road, the Periferico, and in Chapultepec Park, the most visited place in Mexico City (more than 100,000 people use the park on a weekend), the museum's curious exterior already has become a landmark. What's inside is likely to make it even more so.

Twenty years ago there were just a handful of children's museums, in Brooklyn, Boston, Indianapolis and a few other cities in the United States. Now there are hundreds all over the world. But few come near the 250 exhibits in the new Mexican museum.

"They did a super job of doing their homework," said Nick A. Black, the program director for the Children's Museum of Indianapolis, one of the largest and oldest children's museums in the world.

"I wonder if the little guy had fun today?"



Sharing the day's events with loved ones back in the States has never been easier. Whenever you're away, simply dial the AT&T access number of the country you're calling from and an English-speaking AT&T Operator or voice prompt will put you through in seconds. You can bill the call to your AT&T Card, U.S. local calling card, or call collect. You'll get economical AT&T rates and keep hotel surcharges to a minimum. It's all part of our continuing commitment to be there for you. Even when you're on the other side of the planet. So surprise someone back home with a call. Who knows? Perhaps they'll have a little surprise for you.



Table of AT&T Access Numbers for various countries, including ANDORRA, ARMENIA, AUSTRIA, etc.

سكوا من الأصل